

The complaint

Mr F complains that Retail Money Market Ltd (trading as RateSetter) failed to pay him a bonus that he was expecting as part of an introductory offer when he opened a crowdfunding account.

What happened

In December 2018, Mr F opened a crowdfunding account that invested in peer-to-peer loans. As part of the application process RateSetter offered a £100 bonus after the first 12 months. Shortly after opening the account, Mr F invested £1,000 in a 12-month loan.

After the initial 12 months past, Mr F checked his account to see if the expected bonus had been allocated. As there was no sign of any bonus, he contacted RateSetter and was informed that the loan he was invested in had been repaid early in June 2019 – because of this the bonus conditions were not met. Further, he was told his funds remained uninvested, so he hadn't earned any interest since June 2019. Mr F raised a complaint. He didn't recall receiving information that his loan had been repaid early. And he didn't think the terms and conditions of the bonus were clear that he needed to be invested continuously. He said he was induced into opening the account because of the introductory bonus and has lost out on receiving it through no fault of his own. He also feels he's lost out by not receiving any interest when his funds remained uninvested.

RateSetter didn't uphold the complaint. It said that the borrower repaid Mr F's loan early in June 2019. It said it wrote to him to confirm this at the time. It said as Mr F's account settings had auto reinvestment set to off, the repaid funds were placed in his holding account. It said the requirements to receive the bonus meant the funds had to be invested for 12 months. As Mr F's funds had been in the holding account since June, he wasn't eligible for the bonus.

Mr F wasn't happy with the response, so referred his complaint to this service for an independent review. One of our investigators looked into it, he didn't uphold the complaint. He thought RateSetter had correctly applied the terms and conditions of the promotion and because of the way Mr F set his account, he was not eligible for the £100 bonus payment as his funds were not allocated for a full 365 days. He was satisfied the account has been operated correctly and in line with Mr F's specific wish not to reinvest his funds automatically. And RateSetter was not at fault for Mr F not receiving interest after June 2019.

Mr F didn't accept the investigators' conclusions. In summary, he said that he has missed out on the bonus through no fault of his own. He thinks the conditions of the introductory offer weren't transparent. He didn't think he would have received the bonus even if he had selected for auto reinvestment on his account. He said he wouldn't have left his money in the account if he would have known that RateSetter would fail to honour the promotion.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I've considered the terms of the introductory offer. RateSetter has provided a copy of the promotional terms and conditions that it says were available to Mr F when he opened his account.

Having reviewed the terms and conditions of the promotion, the most relevant part relates to funds being invested continuously for a year. The specific term says:

"You will qualify for a £100 bonus if you invest and put on loan a minimum of £1,000 within 8 weeks post registration and keep this invested for 365 days"

Mr F met the first part of this term as he did invest £1,000 within eight weeks of opening his account but he didn't meet the second part as his funds didn't remain invested for the whole year.

I've considered the terms and conditions and having done so I'm satisfied that it was made clear that funds needed to remain invested for the whole year in order to receive the bonus.

I've also gone on to consider whether Mr F has been treated fairly by RateSetter in how it has applied the terms and whether it treated him fairly in its decision not to pay him the bonus.

RateSetter has provided evidence that it informed Mr F his initial 12-month investment into a loan was repaid early by the borrower. This resulted Mr F's funds being returned to his holding account – and no longer invested. The reason the funds were placed in the holding account rather than reinvested was because of the settings applied to his account. It's not in dispute that Mr F set his account to turn off auto reinvestment. So, the result of this was Mr F no longer had invested funds – which as explained above, was a requirement to receive the bonus.

I appreciate Mr F's frustration that the early loan repayment and his decision to set his account to turn auto reinvestment off has impacted his eligibility for the bonus, but I don't think RateSetter can be found at fault for this situation. I also don't think it's reasonable to say RateSetter was required to tell Mr F that by not having the reinvestment setting turned on, it could impact his bonus payment. I appreciate Mr F believes the investment and bonus terms were difficult to follow. But I think they were sufficiently clear around the requirement for funds to be invested for 365 days.

I've also considered the other comments Mr F has made about the reinvestment setting. He says, even if he would have selected to keep auto reinvestment turned on, it's still unlikely he would have been eligible for the bonus. While this is a hypothetical scenario, I still don't agree it is clear Mr F wouldn't have qualified for the bonus payment – assuming he met all of the other terms. The purpose of the auto reinvestment function is that when funds are returned, they will be reinvested into another loan – and thus allowing customers to remain invested and earning interest. I appreciate Mr F had concerns about not being tied into an investment for longer than he intended. But this suggests a disparity in aims as Mr F was reluctant to commit his money for more than the year required to earn the bonus and the terms of the bonus seem to be designed to

attract longer term investors. But in any case, the terms were clear the funds needed to remain invested and didn't account for situations where customers wanted to restrict their investment to no more than a year. Overall, I don't think there is a strong argument to say Mr F has been treated unfairly by RateSetter.

I've also considered the points Mr F raises about him not earning interest on his funds from June 2019. RateSetter has provided a copy of an email it holds from Mr F's account that it says was sent in June 2019 to inform him of the early repayment of his investment. Having reviewed the email, it contains the following statement confirming repayment of the loan *"We're writing to inform you that your investment of £1,000.00 that was matched to loan contract CXXXXX427 in the 1 Year market, has been fully repaid by the borrower."* It also confirms that his settings were to return the funds to the holding account.

I understand Mr F doesn't recall receiving this email. But as explained, RateSetter has been able to send a copy of the contents of the email and its contact records to show the date it was sent. So, on balance I think it was sent. It follows that I'm satisfied Mr F was informed that the loan he invested in had been re-paid early. The reason no interest was earned from June 2019 was because of the instruction made by Mr F not to reinvest. So again, I don't think it would be reasonable to find RateSetter responsible for the lack of return on the funds.

I do understand Mr F's comments about not leaving the money in the account if he was aware he wouldn't receive the bonus or earn interest. But in order to say RateSetter should do something to compensate him, I would need to establish that it has made a mistake or treated Mr F unfairly. I haven't found this to be the case – for the reasons already explained. So, this means that I'm not going to ask RateSetter to do anything further. I appreciate this will come as disappointment to Mr F, but I haven't found grounds to uphold his complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 September 2021.

Daniel Little
Ombudsman