

The complaint

Mr L says that he was misled about the terms of a training course. Because the course was funded with a loan from Caledonian Consumer Finance Ltd (which I'll refer to as CCF), he says that it is equally liable with the course provider.

What happened

In June 2016 Mr L signed up for a plumbing course with a business which I'll refer to as T. Mr L has explained that the course was introduced to him at his home and that he was told that there was no time limit for completion of the course. The presenter told him that some people completed the course in nine months, others took up to five years. The course was however largely self-directed – meaning it was for the student to decide how and when to complete it.

T's representative also arranged a loan with CCF to pay most of the price of the course – over £7,000. Mr L paid a deposit of £50 by credit card. The loan was to be repaid over 43 months, but, following an inheritance, Mr L repaid it in full in July 2018.

On agreeing to enrol for the course Mr L completed and signed a registration form. The form included a statement that Mr L understood that the “... *self-study program may take from 12 to 36 months...*”. He also confirmed that he had received a copy of the form and the terms attached to it. Those terms included, at paragraph 16:

“The duration of our delivery of services to you should normally be complete within 36 months. Your work programme will complete at the end of that period or when you have completed all the modules, whichever comes first. If we consider that you have shown good progress within the period and provided you have completed more than 50% of the course content, you may apply in writing for an extension to the period allowed. Any extension is at our discretion and a charge of £300 will be made for this service.”

Mr L completed two marked assignments, the last in August 2017.

In early 2020 – having been furloughed because of the Covid-19 pandemic – Mr L decided to resume the course. He was however unable to log into the course website. When he contacted T, he was told that his course had expired; it was more than three years since he had enrolled.

Mr L complained to T, saying that he had been told there was no time limit on completing the course. T did not accept that and referred Mr L to the course terms.

Mr L therefore referred the matter to CCF, as the provider of credit used to fund the course. It took much the same view as T had taken – that Mr L had not completed the course within the three years that had been agreed and that T was not obliged to allow him to continue with it.

Mr L referred the matter to this service so it could consider his complaint about CCF. Our investigator thought that Mr L had indeed been misled into thinking that there was no limit on when he could finish the course. He recommended that CCF arrange for the three-year time

limit to begin again and for Mr L to be given access to all the necessary materials. CCF in turn contacted the course provider, which offered to give Mr L a further 18 months in which to complete the course. Mr L did not think that was reasonable. As no agreement was reached, the case was passed to me for further consideration.

Having considered the complaint, I issued a provisional decision. In summary, I said:

- The course was to be provided by T but was financed by CCF. Because that finance was set up under arrangements between T and CCF, the effect of section 75 of the Consumer Credit Act 1974 is that, if Mr L has a claim for breach of contract or misrepresentation against T, he has a like claim against CCF.
- I thought it was a term of the contract between T and Mr L that the course be completed within three years. That was the only reasonable meaning that could be given to paragraph 16 of the terms and conditions.
- I accepted that Mr L's recollection – that he was told the course was open-ended and that some people had taken five years to complete it – was honestly held. I accepted too that he believed that when he tried to re-start the course in early 2020.
- I did not believe however that he was told that, since it clearly contradicted what was in the course terms and conditions.
- I thought too that, if the ability to extend the course indefinitely had been crucial to Mr L's decision to enrol, he would have checked what the terms said about that.

For these reasons, I concluded, at least provisionally, that CCF's response to Mr L's claim had been reasonable.

Mr L did not accept my provisional assessment. As well as repeating some of his earlier submissions, he said that T was now dormant and had lost its FCA accreditation. He also referred me to reports that other customers of T had reported similar experiences to his own. And he felt that his own credibility had been questioned.

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.

I explained in some detail in my provisional decision why I thought the course terms and conditions meant that the course had to be completed within three years, unless T agreed an extension. It had not done so in this case. Whilst paragraph 16 did not say expressly that the course had to be completed within three years, I thought it was clear that that was the effect of that paragraph.

On the issue of misrepresentation, I said:

"I turn then to misrepresentation. I am taking misrepresentation to mean a statement of fact or law made by T to Mr L (as parties to the training contract) which induced Mr L into entering into the contract.

"The evidence about what Mr L was told before he agreed to enrol in the training course is largely limited to what Mr L has said about it. Those conversations took place some five years ago and nearly four years [before] Mr L first raised the issue. There is no evidence from T's representative. Mr L has however been clear that he was told that some people had taken five years to complete the course, and I accept that he has reported his recollection

honestly. I also accept that, by early 2020, he genuinely believed there was no time limit on his completion of the course.

“I think it unlikely however that Mr L was told the course was open-ended. That is inconsistent with the registration form he signed, despite its use of the word “may” which I discussed above. But it is also completely at odds with paragraph 16 of the terms of the agreement. Since the written terms of the agreement say the opposite of what Mr L says he was told, I am not persuaded that Mr L was told that the course was open-ended.

“Even if I were to take a different view on that point, however, I think it unlikely that this induced Mr L to enter into the training contract. If the opportunity to extend the course indefinitely had been that important to Mr L, I think he would have checked what the contract terms said about the matter – and would have seen that paragraph 16 said he should complete the contract within 36 months.”

I have not changed my view on this. I understand that Mr L feels that his credibility has been brought into question. As I explained though, I accept that he honestly believes he was told the course was open-ended. Part of my role is however to decide, where necessary, what I think is more likely to have happened.

I note as well Mr L’s comments about the current position of T. It was previously authorised by the regulator, the FCA, because it was engaged in introducing lenders such as CCF. FCA does not however regulate the sale or provision of training courses such as that in which Mr L enrolled. I don’t believe therefore that T’s authorisation status is directly relevant to Mr L’s complaint.

Equally, T’s current status as a dormant company which is no longer trading is not evidence of what Mr L was or was not told in June 2016. Nor is it evidence that T would not have provided the services agreed if Mr L had tried to complete the training course within three years, as he was required to do.

My final decision

For these reasons, my final decision is that I do not require Caledonian Consumer Finance Ltd to take any further steps to resolve Mr L’s complaint

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr L to accept or reject my decision before 8 February 2022.

Mike Ingram

Ombudsman