

The complaint

Mr T complains that Advantage Finance Ltd didn't make him aware that the loan it was offering included an acceptance fee of £325 and a final payment of £200.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute so instead I'll focus on giving the reasons for my decision.

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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons:

Firstly, I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them. I have mentioned this since Mr T has suggested any award to him would be a form of punishment to the business. As I have said that is not the case.

Mr T says that he wasn't fully informed of the additional costs when he spoke to the brokers. The agreement which Mr T signed does set out all the costs including the two disputed items. So, if one simply looks at that then there is no basis for upholding this complaint. Mr T willingly signed a document which set out what he would have to pay. In that regard I cannot say that he was misled. However, he has explained that prior to and during the loan approval process he was given misleading information which affected his decision to accept the loan.

I have listened to several phone calls between Mr T and the broker. I am aware there were quite a few calls and this service has not been provided with them all. I do not read anything sinister into that given the time which has elapsed. However, the calls I have listened to do give an indication as to what happened.

The first is between Mr T and the broker. In that call the increased APR is discussed. The call handler explains that as Mr T wanted to repay the loan over a shorter period than originally suggested the APR increased. He understands this and agrees to proceed. He asks about the total cost and is told it is 36 months at £275.70. There is no reference to any additional costs. Mr T was keen to have the matter settled as soon as possible and so he proceeded.

The following call is subsequent to Mr T filling in the online application form. He had some difficulty with supplying a copy of his driving licence and this is discussed with the call handler. He also mentioned that there were additional charges. The call handler says that this detail is not normally available initially and only at this point is more detail available to her. Although there is some talking over each other Mr T says on two occasions that the deal

is fine. I am satisfied that at that point Mr T was aware of the charges and decided to go ahead with the fiancé arrangement.

He does spend some time trying to establish if the money will come thought that day of the following one. He explains that the dealer has serviced the car and it has been valeted and it is clear he is keen to complete the acquisition.

So, I agree he was not given the full picture when he spoke to the broker and the full details only came to light when he was completing the online form. But he was able to walk away from that offer if he so chose. I appreciate he had paid £200 deposit to the dealer but that didn't stop him seeking alternative finance. That said, I do appreciate his desire to complete the acquisition quickly.

He also had 14 days after the agreement was signed to end it. He would have had to find alternative finance, but this was an option. I consider he was keen to get his hands on the car and I doubt if he would have sought alternative finance.

So I don't consider it right that I direct Advantage to forgo the fees, but I do believe some compensation is merited due to the lack of clarity initially.

Putting things right

Advantage should compensate Mr T.

My final decision

My final decision is that I direct Advantage Finance Ltd to pay Mr T £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 August 2022.

Ivor Graham
Ombudsman