

The complaint

Mr M complains BizBritain Finance Limited mis-sold him a loan.

What happened

Mr M wanted a loan to fund his business, which is a limited company. He applied for a loan online through a government backed programme (which I'll call "S") aimed at helping small businesses through start-up loans. S passed Mr M's details to BizBritain, a delivery partner and credit broker. BizBritain referred the finalised application to a creditor (which I'll call "B"). B issued a loan to Mr M. It was a personal loan for business use.

A few of months later Mr M complained. He said the loan had been mis-sold to him. He also said, among other things, the loan had been issued to him when it should have been issued to his limited company and he'd applied for a bounce back loan, not a start-up loan. BizBritain said, in summary, S was responsible for the website Mr M had applied through, it had facilitated his application and it didn't accept it had done anything wrong.

Mr M asked our service for an independent review. The investigator didn't think BizBritain had acted unfairly. In her view Mr M had applied for a start-up loan and had been provided with enough information to understand what he was applying for. Mr M didn't agree so the complaint has been passed to me to decide.

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.

Mr M has numerous complaint points. I have read and considered them all. I will, however, focus on issues which are - in my opinion - relevant to reaching a fair outcome to this complaint. This isn't meant as a discourtesy. It simply reflects the informal nature of our service.

Mr M applied for the loan through S. I've reviewed S's website. I haven't been presented with any evidence to suggest it has materially changed since Mr M viewed it. Under the section '*What is a Start Up Loan?*' it says:

*"A Start Up Loan is a government-backed **personal loan** [my emphasis] available to individuals looking to start or grow a business in the UK."*

When a borrower applies there is a pre-registration page which says:

*"A Start Up Loan is a government-backed **personal loan** [my emphasis] available to individuals looking to start or grow a business in the UK..."*

...The loan is unsecured, so there's no need to put forward any assets or guarantors to support an application."

There's then a box which needs ticking before the application can progress which says:

*"Please tick the box to confirm you have read and understood the Start Up Loan product features, including that it is a **personal loan** [my emphasis] for business purposes."*

There's a link to frequently asked questions. One of the questions is "Why is a Start Up Loan a personal loan and not a business loan?". The answer given is:

"We believe that it's important for business owners to be personally invested in the success of their business, which is why Start Up Loans are structured as personal loans rather than business loans. By making individuals accountable for their loan repayments we seek to empower applicants to make the right decisions for themselves and their business, like how much to borrow and how the money should be used to achieve business goals."

To support applicants in making these decisions, we require all individuals to submit a Business Plan, Cash Flow Forecast and Personal Survival Budget as part of their application. These documents serve two purposes. Firstly, they help us better understand an individual's personal and business needs to determine how we can best support them. Secondly, they help us make a lending decision by allowing us to assess an individual's ability to repay the loan and the viability of their business plans."

Mr M completed his application online so he must have ticked the box to say he understood. S then passed the details to BizBritain, one of its delivery partners. S's website says:

"As well as helping applicants to prepare their business plans and cash flow forecasts, our delivery partners assess final loan applications and provide ongoing mentoring to people whose loan applications are successful."

BizBritain went on to work with Mr M on his business plans, cash flow forecasts, and assessed the loan application. This included taking details of Mr M's personal income and expenditure and completing credit checks on Mr M – which he knew about. The application was approved, and Mr M was sent a loan agreement.

I've seen a copy of the loan agreement. It sets out the terms of the loan, including the interest rate. The customer shows as Mr M – there is no reference to his limited company. And there is a direct debit mandate for repayments in the name of Mr M, not his limited company. Mr M has suggested he didn't see and/or read the loan agreement. I've seen an audit history. This shows it was sent to him on 2 September 2020 at 16:12 and signed electronically by him about 30 minutes later. I'm satisfied Mr M viewed, or ought reasonably to have viewed, the loan agreement. And I note in a message to BizBritain on 8 September 2020 Mr M said:

*"My **start up loan** [my emphasis] is approved. I signed the documents. When and where do they send funds. To which account?"*

From this I'm satisfied Mr M signed the loan agreement, and therefore agreed to be bound by it.

Mr M complains the loan was mis-sold to him because it had been issued to him when it should have been issued to his limited company, and because he'd applied for a bounce back loan, not a start-up loan. Given what I've set out above, I'm not persuaded the loan was mis-sold. I consider Mr M knew, or ought reasonably to have known, it was a personal start-up loan. It follows this isn't a complaint I should uphold.

I'm sorry to hear about the impact Mr M says this matter has had on him and I accept he'll most likely be disappointed with the outcome I've reached on his complaint. But this final decision ends what our service can do for him. However, he can reject my decision and pursue the matter elsewhere if he wishes to do so.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 June 2022.

James Langford
Ombudsman