

## **The complaint**

Mrs G complains about a fixed sum loan she took out with a finance provider, to pay for an educational course.

In November 2022, Link Financial Outsourcing Limited trading as Asset Link Capital (No.9) became the legal owner of Mrs G's loan. So for ease, I've just referred to Asset Link throughout this decision.

## **What happened**

In August 2016, Mrs G agreed to a fixed sum loan with Asset Link, to pay for an educational course. Mrs G had been given the option to study on a full or part time basis, by the course provider, who I'll call 'X'. However, after some problems, X was only able to offer the part time option, but gave Mrs G a discount of £3,000 from the cost of the course.

However, Mrs G had already agreed to borrow the cost of studying full time from Asset Link. To try and help, Asset Link say they told Mrs G she could end her loan and start a new application. However, they also say Mrs G told them, she'd rather not, just in case a full time space became available at a later date.

Around three years after Mrs G had started her course, X made arrangements with Asset Link to refund the £3,000 they had promised. And after some further discussions, X agreed to refund £799.61 to Mrs G, in light of the additional interest charged for the higher amount.

Mrs G complained to Asset Link in November 2020 and said they had given her a loan for the wrong amount. She said that Asset Link should recalculate her loan and refund more interest.

In their final response, Asset Link said they had processed a loan which Mrs G had asked for. They also said Mrs G had already received a refund of interest from X. But Asset Link agreed that there had been a delay in replying to Mrs G and offered to pay her £100 for the distress and inconvenience caused.

Mrs G didn't accept Asset Link's response and brought her complaint to us. One of our investigator's looked into Mrs G's case and found that Asset Link could've done more to have helped restructure the loan account. She said Asset Link should recalculate the fixed sum loan using the correct amount and refund further interest to Mrs G's loan account. The investigator also said Asset Link should increase their payment for the distress and inconvenience caused to £250.

Asset Link didn't accept the investigator's conclusions. However, to settle the complaint, they agreed to refund £1,773.62 to the loan account and to pay Mrs G £250. The investigator put Asset Link's offer to Mrs G, but she didn't agree. The investigator didn't change her findings, as Asset Link's offer was in line with what she had recommended and now Mrs G's case has been passed to me to make a final 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.

This case is about a fixed sum loan Mrs G took out with Asset Link, which is a regulated financial product. As such, we are able to consider complaints about it.

### *The loan amount*

The fixed sum loan was provided to Mrs G to pay for an educational course. Under this type of loan agreement, Asset Link was obliged to send the funds directly to X. This means, Mrs G didn't handle the transfer herself and a type of relationship was created between all three parties.

The crux of Mrs G's complaint is that Asset Link were aware she'd paid too much for the course she was enrolled on, but didn't help her to get a refund from X, or to restructure the loan. Asset Link say they offered to restructure the loan, but kept things as they were, in case Mrs G was able to switch to a full time place.

Mrs G has also asked us to consider Asset Link's response to her claim under section 75 of The Consumer Credit Act 1974. But, Mrs G hasn't complained about the quality of the course, or that she was given incorrect information about its content, which induced her into taking out the finance to pay for it. So, I don't think Asset Link's response to that part of her complaint is unreasonable.

I can see from the emails between Mrs G and X, that it may have still been possible for Mrs G to switch to a full time space, after she had started the course. So, I agree that Asset Link tried to be flexible and keep options open for Mrs G, during the initial stages of her enrolment with X.

However, the notes from X also show that they made Asset Link aware in July 2017, that a refund of £3,000 was due. Mrs G also says she contacted Asset Link at this time to tell them about her concerns over the loan amount.

Asset Link's records show that they replied to Mrs G and told her a part time place would mean her course would finish a year later than planned. So, the additional interest that would be added to her loan account would be £1,773.62.

Having considered everything, I think Asset Link had a responsibility to help Mrs G further, when they were told that a refund from X was due. I think the additional year of study meant that the loan term would increase and that Asset Link were aware that there had been confusion with the actual loan amount.

So, I agree with the investigator, in that Asset Link didn't treat Mrs G fairly by not restructuring her loan in July 2017. Or, by looking to refund the interest Mrs G had been charged as a result of the overpayment.

Mrs G says Asset Link should now write off the outstanding balance due to the fixed sum loan. But, I think Mrs G had enrolled onto the educational course and it seems she received the services from X. So, I don't think it would be fair for me to say she shouldn't have to now pay for that.

To help decide what Asset Link should do to put things right, I've considered the payments that have been made to Mrs G.

### *The payments to Mrs G and her loan account*

Asset Link have sent us the statements for Mrs G's fixed sum loan. I can see that a payment of £3,000 credited the account on 14 February 2019. This was the payment from X, that was promised to Mrs G in 2016. I think this payment shows that X has now received the correct payment for the course, onto which had Mrs G enrolled.

Asset Link's records also show Mrs G received a payment from X, for the interest charged on the £3,000 that they kept hold of until February 2019. I can see where Asset Link have explained that £779.61 was paid to Mrs G after she had complained directly to them. Overall, I think Mrs G has already received a refund of the interest charged on the amount, that was eventually refunded by X.

I've also considered where the term of Mrs G's fixed sum loan was extended by a year, to take account of the part time status of her course. Asset Link explained to Mrs G in July 2017, that extending the term of the loan would mean an additional interest cost of 1,773.62. Asset Link have offered to refund that cost, meaning Mrs G would be responsible for the balance of the loan, as if it was due to proceed as she had always planned.

In all the circumstances, I think Asset Link's offer is fair and reasonable because it reduces the balance of the loan, meaning she will pay less than she could have expected under the loan agreement. I can see that Asset Link sent an email to Mrs G earlier this year, to say they have made this payment directly to the fixed sum loan. So, I don't think Asset Link needs to take any further action regarding this part of Mrs G's complaint.

There may still be an outstanding balance owed by Mrs G to Asset Link. If so, I remind Asset Link of their responsibility to treat Mrs G's financial circumstances with due consideration and forbearance.

### *Distress and inconvenience*

Mrs G began her course in 2016 and around ten months later, she told Asset Link that the loan amount was in excess of what she needed. The refund of £3,000 wasn't arranged between Asset Link and X until February 2019.

Furthermore, although Mrs G has continued to make the repayments due under the fixed sum loan agreement, she wasn't given any reassurance that the additional interest due to be charged to the loan would be refunded. I think this happened at an already challenging time for Mrs G, when she was in the midst of her educational course.

In all the circumstances, I don't think Asset Link treated Mrs G fairly when she asked them for help in June 2017. Instead she had to pursue both Asset Link and X, for the refund of the course fees she had paid and the required changes to her loan account. So, I think Mrs G has experienced distress and inconvenience and I think it's fair that Asset Link should pay her £250 in recognition of that.

### **Putting things right**

For these reasons Link Financial Outsourcing Limited trading as Asset Link Capital (No.9) should pay £250 to Mrs G for the distress and inconvenience she's been caused.

### **My final decision**

My final decision is that I uphold this complaint and require Link Financial Outsourcing Limited trading as Asset Link Capital (No.9) to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 30 December 2022.

Sam Wedderburn  
**Ombudsman**