

The complaint

Ms G complains Ikano Bank AB (publ) (Ikano) provided her with an incorrect redemption statement on her loan account and then failed to provide her with an updated settlement figure, despite several requests.

What happened

Ms G says she initially requested a settlement figure for her loan account with Ikano in August 2021. Ms G says she didn't settle her loan at this time as she was applying for a re-mortgage with a view to adding this loan to her mortgage. Ms G says she then requested an updated settlement figure from Ikano after her re-mortgage was approved but had to complain that this hadn't arrived in November 2021. Ms G says when she was informed of the new settlement figure, it was higher than the settlement figure back in August 2021, which didn't make sense.

On questioning this Ms G was informed by Ikano that it had made a mistake with the earlier settlement figure in August 2021, so she complained as she now didn't have sufficient to pay off the loan. Ms G says after several weeks passing, she still hadn't received an explanation from Ikano regarding her complaint or an up to date settlement figure from them.

Ms G wanted Ikano to provide her with an accurate settlement figure, and for it to recognise that due to its error, she may now not have sufficient to repay her loan account.

Ikano says it has apologised for the delay in resolving Ms G's complaint. Ikano explained the reason why the original settlement figure it provided was incorrect was due to it not including accrued interest on the loan account. Ikano says it has offered Ms G £100 by way of apology, but Ms G has declined the offer.

Ms G wasn't happy with Ikano's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt that Ikano had taken too long to respond to Ms G's complaint and her numerous requests for an accurate settlement figure for her loan account. Additionally, the investigator pointed out Ikano had accepted it had made a mistake when it provided the original settlement figure on the loan in August 2021.

The investigator felt Ms G had been paying for the increased re-mortgage payments and Ikano's loan payments while trying to obtain the correct settlement figure from them. As a result, the investigator felt Ikano should pay Ms G £250 for the poor service it had provided rather than the £100 it had offered. In addition, to compensate for the extra costs Ms G had incurred by waiting for the explanation and settlement figure, Ikano should refund half of the monthly interest applied to her loan account from 19 November 2021 to date of redemption, along with 8% simple interest on that sum.

Ikano didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for 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.

Having done so, I will be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating and upsetting for Ms G to learn an earlier settlement figure she had received from Ikano was incorrect and the re-mortgage she had drawn was no longer sufficient to pay it off. Additionally, I can understand it would have been frustrating for Ms G not to have received any response to her complaint for many months, or to receive the correct redemption figure she required.

When looking at this complaint I will consider if Ikano could have provided Ms G with a correct settlement figure for her loan account more promptly and whether its offer of compensation for that delay and its initial mistake is sufficient here.

As our investigator has explained, it's not the role of this service to scrutinise Ikano's complaints process or to tell Ikano how it should deal with complaints more widely. That said Ms G's complaint isn't solely about the time it took Ikano to respond to her complaint, but also importantly that she was also seeking an accurate and up to date settlement figure from Ikano at the same time.

From the information I have seen, back in August 2021, Ikano provided Ms G with a settlement figure for her loan account, which by its own admission was incorrect as it had not taken into account interest accrual. It's fair to say, not unreasonably, Ms G then when re-mortgaging took that figure into account as part of her calculations. So although it wouldn't be fair of me to insist Ikano must then honour that initial mistaken settlement figure, given the length of time it has taken for it to provide Ms G with the correct settlement figure, I need to take that into account here.

I say this because from the information provided to me from both parties, aside from the initial settlement figure provided in August 2021, albeit incorrectly, Ms G asked for an updated settlement figure in October 2021 and November 2021 and given no response had been forthcoming Ms G telephoned Ikano in mid-November 2021 and was given a verbal settlement figure, which was higher than that provided a few months earlier. At that point Ms G asked Ikano for an explanation how this was and lodged her complaint. It seems this is when the main delays began, as aside from the complaint itself, Ms G needed to understand what the correct settlement figure was, as she had arranged a re-mortgage to deal with it.

I can see Ms G sent Ikano further requests in February 2022, as she still hadn't heard anything from them, but even so Ikano didn't provide a full explanation in writing or an up to date settlement figure until April 2022.

While Ikano has told this service, Ms G would have received some monthly email statements during this period, I can't say that's the same as a redemption figure nor had she received a full explanation why the figure had changed.

It's fair to say by any measure, for Ikano to have taken what was almost five months to provide a correct settlement figure and explanation why it was different, isn't what I would expect to see. Although I note Ikano offered £100 for the inconvenience, like the investigator, I don't feel it has taken into account the financial impact, let alone the stress and worry, this would have caused Ms G here.

So I am satisfied given Ms G would have been paying both her re-mortgage and loan instalments while she was waiting to hear from Ikano, and taking into account in all likelihood she would have settled the loan much sooner, if she had known the settlement figure, it's reasonable to say she was financially disadvantaged as a result. I say this as although she could have benefited from the re-mortgage monies she received by placing these say on a deposit over this time, it's unlikely that would have generated the same level of interest as she was paying on the loan account.

In order to come to a sensible compromise, like the investigator it would be appropriate for Ikano to refund an amount to Ms G equal to half the interest on her loan from 19 November 2021, when she raised her complaint, until the loan was redeemed which I understand was repaid in April 2022.

Additionally, given the trouble and upset this has undoubtedly caused Ms G I am satisfied the level of compensation suggested by the investigator should be increased to £250 and not the £100 Ikano have offered her.

While Ikano will be disappointed with my decision, I am satisfied this is a fair outcome here.

Putting things right

I instruct Ikano Bank AB (publ) to pay a sum equivalent to half the interest charged to Ms G's loan account from 19 November 2021, until it was settled in April 2022. In addition, Ikano should pay Ms G £250 for the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint.

I instruct Ikano Bank AB (publ) to pay a sum equivalent to half the interest charged to Ms G's loan account from 19 November 2021, until it was settled in April 2022. In addition, Ikano Bank AB (publ) should pay Ms G £250 for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 18 October 2022.

Barry White
Ombudsman