

The complaint

Mr P complains that Carnegie Consumer Finance Limited won't reimburse him in respect of a training course that he financed using a fixed sum loan agreement it supplied.

Mr P says the course provider "N" described the course in a way he feels was misleading and that the execution of the training didn't meet his expectations. He's also unhappy with the way Carnegie dealt with payments due on the loan, particularly at a time when he was under financial pressure.

What happened

Mr P enrolled on N's plumbing course in January 2018 after discussion with one of its representatives. The course was modular, with a combination of tutor-supported self-study and practical assessments, to be completed over a 36-month period. Mr P paid a registration fee of £50, with the cost of the course (£7,145) being paid with a loan from Carnegie. The loan was to be repaid by 43 monthly instalments of £165.

Mr P subsequently contacted Carnegie with a number of concerns about the way N's representative described the course, and about the difficulties he experienced with the course itself. In summary, his concerns were:

- N's representative misled him about the suitability of the course with regard to being compatible with full-time work. The course involved practical work at locations some distance from his home and necessitated him taking a large amount of annual leave
- he'd asked N's representative to defer the start date for the loan repayments due to existing personal commitments, but this didn't happen
- he had to make significant changes to his computer to undertake the coursework having been assured by N's representative that his laptop was compatible
- the course was poorly run, not properly supported and in his opinion was designed for younger people who didn't have his level of work commitments
- completion of the course was seriously affected by the Covid-19 pandemic and N didn't provide any flexibility during that time, remaining closed for what he considered unnecessarily extended periods
- he and his wife lost their jobs due to the pandemic and asked for payments to be suspended; however, no assistance was given despite the financial hardship he was experiencing
- his mental health was impacted by the strain of his situation and his doubts over his physical ability to complete the course within the remaining timescale. Although N said it would extend the time for course completion by a further seven months, Mr P didn't think this would be enough to complete the remaining modules, given the leave he would have to take for the practical sessions

In response Carnegie said that the written information N supplied at point of sale was clear and accurate in respect of what the course involved. It felt Mr P had sufficient time to

consider and withdraw from the arrangements if he felt they were unsuitable or were different from the discussion he'd had with N's representative. Carnegie didn't accept that the course had been misrepresented to Mr P, and said the onus was on him as a student to plan study time around existing commitments.

In relation to Mr P's requests for financial assistance, Carnegie said at the time of Mr P's first contact in November 2018, it asked him to complete an income and expenditure form to consider his financial position. It said Mr P didn't submit this information so it was unable to help further.

Carnegie went on to say that it had received a further request from Mr P in September 2020, when he asked for a payment suspension due to the pandemic and the impact this had on his ability to work and the family finances. It said it made a number of attempts to contact Mr P without success, but that – subject to supporting evidence – it would have been able to provide a three-month 'payment holiday'.

Carnegie added that it felt the seven month extension to the course was enough to enable Mr P to progress and complete the training course. But it did say that after considering the individual circumstances of Mr P's case, by way of assistance and as a gesture of goodwill it would be willing to close his account without seeking repayment of the remaining balance of £855.

Our investigator didn't think Mr P had done enough to demonstrate the problems he experienced amounted either to a breach of contract or misrepresentation on N's part, or that Carnegie acted unfairly in its response to the claim such that it needed to refund what Mr P had paid. He also noted N had told Mr P it would extend the timescale for completing the course in response to his situation, and thought this fair.

The investigator considered Carnegie had acted fairly in response to Mr P's concerns about his ability to afford the loan payments after he got into financial difficulty, and that it had made a reasonable offer to write off the remaining amount of the loan.

Mr P didn't accept the investigator's conclusions. He questioned what Carnegie had said about the situation, such as the attempts made to contact him about his financial position. Mr P didn't feel that the evidence had been properly considered, and asked for this review. In doing so, he has made detailed handwritten submissions that restate his original concerns and provide additional background.

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'm sorry Mr P had problems completing the course. I can see when he enrolled that it was important to him to gain a vocational qualification, and even more so when he lost his existing job. In light of the description he's given about his circumstances, it's possible this type of course might've been unsuitable for him. But I'm afraid I can't say this was N's fault (or by extension, Carnegie's fault). It was for Mr P to satisfy himself what the course entailed and how he would fit this around his personal circumstances.

Did Carnegie deal fairly with Mr P's concerns about what N's representative said to him?

From what I can see, Mr P was provided with the details of the course necessary for him to make an informed decision about whether it would work for him. He undoubtedly based some of that decision on what N's representative told him. But I've no reason to conclude

that what Mr P says he was told amounted to a false statement of fact about the nature of the course or the level of work it entailed. A statement of opinion as to whether the course was compatible with full-time work would not amount to an actionable misrepresentation.

I can't see there would be much prospect of success in the claim relating to the compatibility of the course modules and Mr P's laptop. Mr P's own evidence is that he was able to use his laptop for the coursework, albeit not without some effort and additional expenditure on his part. But that in itself doesn't make what N's representative said untrue. So I don't think Carnegie's response to this part of Mr P's complaint was unreasonable.

Mr P also said that he discussed with N's representative deferring the start date of the course (and loan repayments) due to his impending personal commitments. Carnegie's responses don't address this assertion, other than setting out the cancellation (or 'cooling-off') period. I consider this should have formed part of Carnegie's response, and that it was insufficient for the lender to refer only to the cancellation period. I acknowledge its comments that it was not present at the point of sale, but the relevant provisions of the Consumer Credit Act 1974 do mean it has responsibility for what was said.

That said, the credit agreement Mr P signed in January 2018 sets out the payment schedule and makes clear that the first payment is due a month after the date the loan funds are advanced. There's no indication from any of the paperwork that N or Carnegie agreed to defer the start date beyond that point. So I don't consider it would be appropriate for me to say that it was wrong for the course or the loan to have started when they did.

What about Carnegie's responsibility for the course provision?

Again, I'd like to have seen rather more engagement from Carnegie on this aspect of Mr P's complaint. Mr P clearly had certain expectations about the course and expressed his views on the way in which that content was delivered. Even if Carnegie felt that this was outside the remit of a breach of contract claim, it ought to have said this. So I think Carnegie should have done more to address this in its responses to Mr P. In the circumstances, I've considered whether this has disadvantaged Mr P.

Mr P doesn't think the course was suitable for someone of his age or with his work commitment. But that doesn't make the course itself inherently poor quality. And Mr P hasn't suggested the modules didn't cover the technical or practical requirements appropriate to the skills a plumber would require. He might not have approved of the attitude adopted by certain fellow students, or the onsite environment for some of the practical activity. However, that falls some way short of a successful claim in breach of contract. From what I can see, the course content was suitable for the purpose of the contract and for the most part was carried out with due skill and care.

I do have a lot of sympathy, though, for the fact that Mr P's ability to complete the course was severely impacted by the shutdown during the Covid pandemic. This led to a lengthy break in the support and training he was able to receive. Although N agreed to extend the training course by seven months, it seems the shutdown lasted longer than this.

The effect is that despite this extension, N's provision around the pandemic affected the timescale for Mr P to complete his course. As some of the practical aspects would be compressed into this shorter period, I can understand why he had concerns over the time he'd need to take away from work to complete this.

Does that mean Mr P would be entitled to a refund of the course? I'm not persuaded it would. By the time of the pandemic shutdown, Mr P had been enrolled in the course for

around two years. He'd completed many of the modules already, and having acquired that knowledge and skill, it doesn't seem unreasonable that he has had to pay for it.

I accept that the pressure of completing the course within a shortened timescale might have made Mr P feel that this earlier learning was wasted, and I'm conscious his personal situation will also have had an impact. He has described the strain and difficulty he was under, not all of which was due to this situation, but undoubtedly affected his ability to commit to the completion of the course. He has described how during the material time, he lost his job, spent some time seeking another role and the difficulty this placed on his ability to take leave to complete the course.

I would hope that this was something the course provider would take into account when considering an appropriate extension. But there was no contractual obligation to extend the arrangements. I can't properly say that Mr P has a claim in breach of contract against N or Carnegie for not sufficiently accommodating the situation he faced. Neither party was at fault for circumstances Mr P couldn't himself have anticipated when he enrolled on the course.

It's possible Mr P might be entitled to a reduction in the cost of the course if it can be shown that it was unreasonable for him to fully complete it in the extension N proposed. But Mr P would likely need to show he made reasonable efforts to do so, and if he did not, any entitlement to a reduction would need to take this into account. I've borne this in mind when considering what represents a fair resolution to the dispute.

Did Carnegie deal appropriately with Mr P's requests for assistance with his financial difficulties?

Carnegie says its records indicate that Mr P first asked for assistance with his payments in November 2018. He doesn't appear to have pursued matters at that time, and so my review will focus on his later request, made in 2020. At that time, Mr P and his wife were both laid off during the pandemic and it's not hard to see how this would have led to a stretched financial position.

Mr P provided Carnegie with written details of his circumstances dated August 2020, received by Carnegie on 10 September. He explained that he was in receipt of Jobseekers' Allowance ("JSA") and advising that the monthly payments were unsustainable. I can see that this was sent using a 'financial statement' form issued by Carnegie, which suggests he was asked to provide details of his situation for Carnegie to consider.

Carnegie's Collections team sent Mr P an email and text message on 17 September asking him to get in touch and providing a telephone number for him to contact it. Carnegie also says it left a voicemail for Mr P, which he disputes. I'm unable to confirm whether a call was made; however, I've seen copies of the text and email message, which Mr P clearly did receive, as he tried to reply on 22 September.

I note that Mr P has sought to clarify his wording around his ability to reply to Carnegie's messages. I understand there might have been some confusion around what he meant to say, and I appreciate the clarification. I can see that Mr P's message of 22 September mentions he was unable to get through to Carnegie by phone. Regrettably, his message appears to have been sent to a mailbox that didn't accept incoming mail.

While acknowledging this, I'm not persuaded there was enough in this contact from Carnegie to put the onus back on Mr P to get in touch. If as would appear to be the case here, Carnegie didn't hear back from Mr P in response to its messages, I'd expect it to attempt further contact as part of its efforts to ensure it was treating him fairly. Carnegie's correspondence doesn't indicate there was any such attempt until after Mr P got in touch with it to make his complaint in December 2020.

I'm conscious Carnegie's response to that complaint said that it would have been able to approve a three-month payment holiday, subject to Mr P providing evidence that the pandemic had affected his ability to maintain payments. I see no reason why Mr P would have been unable to provide such evidence, had Carnegie made further efforts to follow up on his request for assistance. At the material time he was in receipt of JSA and had already told Carnegie this.

So I think Carnegie could – and should – have done more to assist Mr P when he asked it for help. And I can see that a payment holiday might have helped Mr P at the time, noting what he's said about his work situation and later absence due to ill-health. That said, a payment holiday (like other forms of forbearance) doesn't mean the payments are no longer due. Usually, they are merely deferred to a later date.

The payments Mr P was required to make during this time therefore don't represent a financial loss to him. And fortunately, it appears he was able to sustain the loan. There's little benefit in me now requiring a payment holiday; the situation Mr P faced at the time was when it would have been of use to him.

I do think, though, that Mr P experienced some avoidable distress and difficulty due to the way Carnegie handled his requests for assistance. So I've taken that into account when considering how best to resolve the dispute.

Putting things right

There were clearly some shortcomings in the service Carnegie provided to Mr P. It might not be liable to him for his overall dissatisfaction with the plumbing course, but I think it could have done a better job of engaging with him about his concerns – particularly when he asked it for help with his payments.

Having carefully considered all that's been said, Carnegie's proposal not to seek repayment of the remaining £855 from Mr P is in my view a fair way to resolve this complaint.

My final decision

Carnegie Consumer Finance Limited has already made an offer to forgo the remaining balance of £855 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Carnegie Consumer Finance Limited should not seek repayment from Mr P of this sum, effective from 19 February 2021 when it made this proposal.

If Mr P accepts this decision, Carnegie should ensure that Mr P's loan is treated as settled as of 1 March 2021, refunding any payments Mr P might have made after that point and updating his credit file accordingly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 March 2023.

Niall Taylor
Ombudsman