

The complaint

Mr B is unhappy with the service he received from Salary Finance Loan Limited, trading as Salary Finance, surrounding his application for a personal loan.

What happened

Mr B applied to Salary Finance for a personal loan of £8,000. His application was accepted with an interest rate of 9.9%, but when Mr B tried to accept the loan, he was told by Salary Finance that there was a technical issue which meant the loan couldn't be completed.

Mr B chased Salary Finance on several occasions about the loan, eventually being told that because the date the loan offer was valid until had passed before the technical issue had been resolved, that he would have to apply for the loan again. Mr B did apply for the loan again, and his application was again approved, but this time with the much higher interest rate of 19.9%. Mr B wasn't happy about this, so he raised a complaint.

Salary Finance looked at Mr B's complaint. They acknowledged there hadn't been a change in Mr B's circumstances between the two applications that should merit the higher interest rate, so they agreed to offer Mr B the loan on the original terms. Salary Finance also offered to pay £30 to Mr B as compensation for any trouble and upset he may have incurred. Mr B wasn't satisfied with Salary Finance's offer, so he referred his complaint to this service.

One of our investigators looked at this complaint. They felt the £30 compensation offer didn't fairly compensate Mr B for the upset and inconvenience he'd incurred here, so they recommended that Salary Finance pay Mr B an increased amount of £100 compensation.

The recommendation put forwards by our investigator was accepted by Mr B. However, despite repeated requests from our investigator, Salary Finance didn't accept or reject the offer themselves. So, the matter was escalated 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.

I issued a provisional decision on this complaint on 29 December 2022 as follows:

Where a business accepts that the events that led to a complaint weren't fair, it would be expected by this service that the business would take the corrective action needed to put the complainant into the position they should fairly be in, and that they would pay compensation to the complainant – if appropriate – for any trouble or upset they may have incurred.

In this instance, Salary Finance have accepted that Mr B shouldn't have been denied access to the loan he applied for on the terms that were originally agreed, and they've already taken corrective steps to issue Mr B with the loan at the originally agreed interest rate of 9.9%.

However, it's clear to me that Mr B was also upset and inconvenienced by what happened here, not only by having to chase Salary Finance for the acceptance of the initial loan offer, but also by then being told he would have to reapply, through no fault of his own, and by receiving a subsequent loan offer on less favourable terms than he'd originally been given.

Salary Finance initially offered Mr B £30 compensation in recognition of the trouble and upset he'd incurred. And our investigator recommended that Salary Finance should increase the amount of compensation payable to £100. However, upon consideration of the full circumstances of this complaint, I don't feel that the £100 as recommended by our investigator does provide a fair level of financial compensation to Mr B for the obvious frustration and distress that he's experienced here.

As such, I'll be provisionally upholding this complaint in Mr B's favour and instructing Salary Finance to pay an increased compensation amount of £300, which I feel more fairly compensates Mr B for what happened here.

In arriving at this increased compensation amount I've considered the time and effort Mr B has had to expend trying to resolve this issue, as well as the anxiety and upset I'm satisfied Mr B has experienced, both as a result of Salary Finance's technical issues in regard to the first loan offer and also in regard to his receiving a second loan offer at a significantly less favourable rate than was originally the case.

Both Mr B and Salary Finance have confirmed that they accept my provisional decision. As such, I see no reason not to issue a final decision upholding this complaint on the basis outlined above, and I confirm that I do uphold this complaint on that basis accordingly.

Putting things right

Salary Finance must pay compensation totalling £300 to Mr B.

My final decision

My final decision is that I uphold this complaint against Salary Finance Loan Limited, trading as Salary Finance, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 February 2023.

Paul Cooper

Ombudsman