

The complaint

Mr T complains that FUND OURSELVES LIMITED (FOL) have failed to explain why the interest he was earning on his Peer-to-Peer (P2P) lending account reduced. He is also unhappy with the way his request to withdraw his funds has been handled – and says that the terms and conditions are unacceptable.

What happened

In June 2019, Mr T opened his P2P account with FOL. In total he invested approximately £26,500 into his account. He says initially he was earning interest of around 12.2% on average.

Around May 2020, he says FOL changed the data on its website and also the amount of interest he received reduced to around 4%. Due to the reduced available data, he found it difficult to establish the cause of the reduction in interest.

From June 2020, Mr T attempted to withdraw all of the funds from his account, but nothing was repaid. FOL had closed its secondary market at this time, and it hadn't reopened to allow Mr T's loan parts to be bought back or by other investors. He said due to the terms and conditions, if a withdrawal request is made, the customer stops receiving interest on that investment. So, he was unhappy at losing out on receiving interest because of FOL's failure to process his withdrawal in a timely manner.

Throughout 2020, Mr T continued to request a statement, so he could understand how his interest returns were calculated. He was also frustrated that his investment hadn't been returned to him despite his withdrawal request. But eventually after not receiving a satisfactory explanation he made a complaint. When he didn't receive a response from FOL, he referred his complaint to this service.

In June 2021, FOL responded to this service and said it had now repaid all of Mr T's invested funds. It acknowledged there was a delay in processing the withdrawal and offered Mr T £711.58 to apologise for this. This offer was put to Mr T, but he rejected it and said he was due more interest.

In August 2021, FOL made a further offer to Mr T. This offer was to pay interest of £1,514.72, this value was calculated by applying 8% on the difference between the date Mr T requested the withdrawal and when it was actually processed. FOL highlighted that its terms and conditions say "*You will become ineligible to earn interest after making the withdrawal request. The withdrawal process may take some time to complete.*"

Mr T didn't accept this offer. He reiterated his complaint points as:

- He has never received a full statement and so cannot tell how much he is owed.
- FOL's interest figures averaged 12% but he was paid less without explanation – and the published interest was 12% not 8% as offered.
- He has concerns about the fairness of the term that says FOL can refuse to pay interest whilst refusing to process a withdrawal.

I issued a provisional decision in March 2023. This is what I said:

“Mr T has made significant submissions about how his account has been managed by FOL. Having reviewed all of the correspondence between the parties and that provided to this service – I’m satisfied the crux of his concerns can be covered by the following two issues:

- *Whether he has received the correct interest based on the investment he made.*
- *Whether FOL have treated him unfairly after he made a withdrawal request – by not paying him interest due while waiting for payment.*

I will take each issue in turn.

Level of returns paid on account

The investment subject to this complaint is Mr T’s crowdfunding account held on FOL’s P2P lending platform. It is an automated account where loan parts are acquired on behalf of Mr T based on a risk criterion which determine a rate of interest achievable – put simply the higher the interest the greater the risk. When Mr T opened his account, he selected a band between 5% and 15%, he then increased this to 9.5% - 15% and then again to 12%-15%.

Mr T has questioned the amount of return that he has received on his investment. He says FOL’s website showed that his account was earning an average return of 12.2% but the monthly interest he received didn’t equate to this level of return – and the amount he received increased and decreased without explanation.

FOL says it doesn’t agree that Mr T was promised that the return on his investment was 12%. It says it doesn’t calculate the interest rate per month because it may fluctuate month to month but instead calculates the investor total return. It says the investor total return is compared to the interest rate band agreed by the investor but won’t necessarily match in value as it is not guaranteed. It says there are various factors that can impact the return achieved – including whether there are any defaults or loans which are repaid early, so not all of expected interest is received. It also says returns depend whether there are periods when available funds are not lent continuously – if funds are available but not lent then interest won’t be generated during that period. It says the interest rate chosen will determine the maximum borrower estimated default rate an investor will be lending to. But there is a variance from the selected rate when an investor takes into account the potential defaults, provision fund contribution and assuming funds are continuously lent out over one year.

FOL have provided details of around 17 loans held on Mr T’s account that defaulted. It also says it found that many of the loans that Mr T was allocated were repaid early. It has provided details of around 20 loans where the actual paid date is before the payment due date – indicating that the loans were repaid early.

FOL say the returns received weren’t guaranteed and that its website provided warnings that the actual return may be higher or lower and capital is at risk. I also haven’t seen that Mr T was told the target rate was a guaranteed amount. But this doesn’t appear to be in dispute, rather Mr T maintains that he was given misleading information after he invested about the rate of return. He says the point is not about his expectations but published actual earnings that were not fulfilled.

I’ve reviewed the available evidence to decide whether there is evidence that Mr T has not been paid the correct return. I haven’t been able to establish where the 12.2% return figure that Mr T says he saw on FOL website came from. There is a dispute between the parties whether this was information that was given. Mr T has been clear he viewed this on FOL

website. FOL says this isn't accurate and provided a spreadsheet of the loans Mr T's funds were invested in to show the returns he has made. In this situation I need to make a decision on the balance on probabilities to help me decide whether Mr T has been paid the correct return. FOL has provided detailed information about Mr T's loan portfolio. I've been given the following information:

- The amount invested/deposited, and the amount withdrawn during the period the account was funded - 14 June 2019 (first deposit) to 29 June 2021 (last withdrawal).
- Details of all the loans parts (nearly 400) that were allocated to Mr T's account, the applicable interest rates and amount allocated.
- Total amount earned in interest during that period – including a breakdown month on month on how much interest was paid to the loan portfolio.
- Details of the loans that were repaid early and those that defaulted.
- A breakdown of total returns, giving a comparison between the returns including and excluding the withdrawal delays. This indicates returns from Mr T's account up to his withdrawal requests at 11% and when taking out the withdrawal delays the returns were reduced to 6%.

Mr T doesn't think this information is sufficient to confirm he has been paid the correct returns. He believes a more detailed transaction report is required to fully reconcile the account earnings. We have asked FOL if it can provide a further breakdown of the transactions on the account, but it has said that it has already sent full account details and doesn't have any other information to add.

Based on the information available, I haven't been persuaded that Mr T has received an inaccurate return on his loan portfolio (up to the point he made his full withdrawal request). I accept that that the information FOL has provided makes it very difficult to reconcile the account in the way Mr T requests. But from the information it has provided, I'm satisfied it has demonstrated the returns achieved from the loans he was invested in. The interest payments are the clearest indicator of the return on his investment. This information has been given both as an aggregate and broken-down month on month. FOL has shown the amounts earned on the account and used this to give an overall return based on funds deposited.

I have also taken into account that FOL has given reasons (and also shown evidence e.g. default and early repayments) for why the target rates haven't always been met. This provides some reasoning why the returns haven't been as high as Mr T was expecting. In conclusion, I haven't found that Mr T is due the level of return he believes he was entitled to. In my view it is more likely the 12.2% return Mr T saw were either incorrectly displayed by FOL or misinterpreted somehow. But I don't think this means Mr T has lost out. I say this as there isn't evidence that supports this was the level of return that was achieved on his loan portfolio.

Payment of interest after withdrawal requests made

The second key issue relates to whether Mr T has been treated fairly when he made his request to withdraw all of his funds from the platform.

Mr T made several withdrawal requests from June 2020 – culminating in him making a request for a full withdrawal of funds by October 2020. There were delays and he didn't actually receive all of his funds until June 2021. Initially he wasn't paid any interest during the period he was waiting for his money to be returned. However, FOL did later offer to pay him some interest, with the final offer being to pay 8% interest on funds from the date of

request to withdraw until the date of payment. It says this increases the overall return on the account from 6% to 10% during the time Mr T invested with FOL.

FOL have referred to the terms of the account to indicate whether Mr T was entitled to interest following his withdrawal request. It has highlighted the following terms as relevant:

“15.7. If you submit a withdrawal request, your invested loans will be placed on the secondary market for sales to other matching investors and you stop earning further interest. The funds will be made available and transferred to your bank account after your invested loans are fully sold to other matching investors.

15.10. We may suspend investment at any time Suspend accepting new Investments, secondary market transactions and/or investment withdrawals if we determine that:

- (a) as a result of political, economic, military or monetary events or any circumstances outside our responsibility and control, withdrawal of the investments is not reasonably or normally practicable without seriously detrimental to the interests of the investors; or
- (b) any reason that such suspension is in the best interest of investors.”

FOL say it has made a goodwill offer despite Mr T not being entitled to interest after his withdrawal request. It has further highlighted information on its website:

“Investment withdraw: At any time, you can withdraw your investments that are not lent out and waiting in our lending pool. You can also request to withdraw your investment lent out to borrowers. You will become ineligible to earn interest after making the withdrawal request. The withdrawal process may take some time to complete. You will start receiving the investment back once the lent-out investments are completed, transferred to another lender or purchased by the provisional fund.”

I note Mr T rejected the offers and says he has not been treated fairly. He has pointed out that FOL closed the secondary market at the time he made his requests to withdraw. He says FOL collected interest from the loans in his account but used the terms above to avoid paying him interest he was due on his investment while he was waiting for withdrawal. He believes the interest earned would have been greater than the 8% offer FOL subsequently made. He feels strongly that the terms are unfair and believes regulatory action is needed to rectify the situation.

To be clear, it's not for me to decide whether the terms Mr T is unhappy with are unfair – that is something only a court can decide. It also isn't our role to take regulatory action against FOL. The Financial Conduct Authority (FCA) regulates the industry. It's responsible for regulating the conduct of businesses and setting rules for them to follow. This service is responsible for resolving individual disputes. As a regulated financial business, FOL is under an obligation to treat its customers fairly. So I can consider whether Mr T has been treated fairly in how the terms of his account have been applied. If I think he hasn't been treated fairly, I would seek to remedy that and put him back in the position as close as possible to where he would be but for the unfairness.

Having considered the circumstances of this complaint, I do have concerns about the initial decision FOL took to not pay interest while Mr T was waiting for his funds to be withdrawn. I acknowledge the terms FOL refer to but these need to be taken in the context of what happened at the time Mr T made his withdrawal requests. Mr T says FOL told him the impact of the global pandemic was the reason for delays in withdrawals and the pausing of the secondary market. The P2P market as a whole was impacted by the onset of the pandemic and I'm aware many platforms had liquidity issues and secondary market pauses at this time. So it wasn't just FOL who were having problems in meeting withdrawal requests. So there is some justification for FOL not completing withdrawals immediately. But I

acknowledge Mr T comments that it isn't fair for FOL to seek to rely on the terms in the circumstances where the secondary market was unavailable or depressed to extent that it would mean an undetermined period of time (in Mr T's case months) before a withdrawal could be processed.

I am conscious that FOL have made an offer to pay Mr T interest (at rate of 8%) for the period between his withdrawal requests and payment. I understand this hasn't been paid to him as Mr T didn't accept the offer. I've considered in all of the circumstances whether the offer made by FOL is fair or whether it needs to do something else.

As an offer to pay interest has been made, it can be argued that FOL isn't actually seeking to rely on the terms to restrict the payment of any interest. I agree in the circumstances that it wouldn't be fair to apply a strict interpretation of the terms. In my view, the intention of this term isn't to restrict interest payments where abnormal market conditions are impacting the timely processing of withdrawals. I think the overriding market conditions are relevant to my considerations of whether Mr T has been treated fairly.

We have asked FOL why it decided to make an offer to pay 8% interest. It says this is the rate it always uses as a compensation for the delay in withdrawing even if the terms and conditions are in its favour. It considers the value to be fair and it made the offer to prevent the process from dragging on even further. This isn't an unreasonable position to take. But I do understand Mr T's point that if the funds remained invested and interest was being earned whilst the withdrawals was pending, it is possible that interest higher than 8% was being earned on funds.

This service makes awards using a standard interest rate of 8% simple for periods where consumers have been deprived of money due to them. But in the circumstances of this situation, it doesn't feel correct to use this approach. I say this because where funds remained invested, we should be able to establish exactly what return was being made on Mr T's funds. What is unclear is if this would result in an offer greater than has been made. FOL has declined to complete this calculation. Where the funds were still invested and interest was being paid by borrowers, paying this amount to Mr T seems the logical and fairest way of deciding what interest is due to him.

Therefore, I'm minded to tell FOL to calculate whether Mr T would have received a greater interest payment by calculating the difference between what his funds earned whilst waiting to be withdrawn compared to the 8% he has been offered. FOL can take into account any loans that were repaid during the period (so stopped earning interest) or where interest payments were missed and not paid by any other provision, so not actually accrued. If FOL is unable to calculate what the returns were after the withdrawals requests, it can use the figure of what the funds had earned prior to the requests (i.e. the 11% in quoted in the spreadsheet it sent) as a reasonable basis of how much interest would have been paid.

I'm satisfied this would provide a fair approach in the circumstances. When the calculation is complete, FOL should pay Mr T the higher amount. So if the comparison shows that Mr T would have received more in interest if he was paid the actual returns on his funds than the 8% offered, FOL should pay him this amount. It should also add interest at 8% simple per year on the amount paid from the date Mr T had his funds returned to the date of settlement.

FOL's overall handling of Mr T's queries

Having reviewed the submissions of the parties. I can see that Mr T has raised concerns about how FOL dealt with his requests for clarity and information on his account. I have seen evidence that he had to raise queries about missing funds, that were later returned. He has also spent significant time seeking responses to his queries about what was happening to

his funds. He has explained that he felt FOL didn't understand what it is like when someone online has your money and leaves you in the dark as to what is happening. He says when the missing money was returned, he didn't receive an explanation for what had happened.

Having reviewed the emails and other submissions Mr T has supplied in relation to his attempts to obtain information from FOL, I'm satisfied that he has been caused stress and worry by the way he has been dealt with. I can see that he had to send multiple emails and chasers to get answers to his queries and has spent a lot of time trying to get answers to legitimate questions he had about his account and the performance of his investment. To recognise the impact of the way FOL have dealt with the situation, I think it should pay him compensation. I propose to tell FOL to pay Mr T £400 for the distress and inconvenience he has suffered as a result of way FOL dealt with his queries."

FOL responded and provided a copy of a calculation to show the interest Mr T would have earned if the actual date his investment was withdrawn was the same date that it stopped accumulating interest. It said Mr T would have received a further £440.57 in interest. And it also confirmed many of his loans defaulted and stopped paying interest.

Mr T responded and provided further comments and evidence. He has provided a number of comments to clarify and show where he disagrees with statements made in the provisional decision. He has also provided new arguments for me to consider. In summary, Mr T said:

- He maintains that FOL provided misleading information on its website about his account. He has provided further arguments and extracts from the website to support his points.
- He understands a decision as to whether the terms and conditions are fair is something that is outside of the remit of the ombudsman, but this is something the FCA could decide. This comes from his interpretation of the provisional decision meaning if the terms have been implemented unfairly, they must be changed. As the terms and conditions are still in place, he feels this issue should be addressed.
- He provided information relating to his employment to support the cost he has incurred in dealing with the matter. He has calculated the time he has spent on dealing with the complaint matter both with FOL and this service and requested a payment of compensation in line with the equivalent earnings from his employment.
- He has also provided arguments and evidence to claim a loss of investment returns caused by FOL. He has given examples of other platforms he invests with and says he would have been earning this level of returns had his funds from FOL been made available sooner.

Following the responses, I provided further clarifications to the parties about the proposed comparative calculation. I referred to the part of the findings that said, "*FOL can take into account any loans that were repaid during the period (so stopped earning interest)*". I clarified, if there were loans that were repaid, which were subject to an outstanding withdrawal request, then FOL should have made these funds available to Mr T immediately rather than retained them. If there were funds that were retained by FOL and only repaid with the bulk of the withdrawals in 2021, then as part of the comparative calculation FOL needs to add 8% simple interest to these funds from the period when they were repaid by the borrower to the date it paid the funds to Mr T. This is to reflect the cost of Mr T being deprived of money.

Mr T responded to this clarification and provided further evidence to support that he would have invested any returned funds in other P2P opportunities if he had received them sooner. He said he believes the return he could have received from alternative P2P platforms should be used in the calculation.

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've considered the additional evidence and arguments Mr T makes. I also acknowledge and note all of the comments which he has provided. Many of these are from the background set out in my provisional decision. I note the clarifications he has made about his concerns in this section and also the points he makes about where he disagrees with statements that were made by FOL and the investigator. As I explained in my provisional findings, the purpose of my decision is not to address every point raised in detail, but to set out my conclusions and reasons for reaching them. I will provide my findings under the same headings set out in my provisional findings – and they largely follow the conclusions I reached in my provisional decision. I'll explain why.

Level of returns paid on account

Mr T has provided clarifications to the points raised and further highlighted the examples of discrepancies he's found with the information he received from FOL. Mr T also clarified how he came to the 12.2% figure mentioned and corrected the position that this wasn't a figure he had seen but rather a figure he calculated using data provided on FOL's website. Having reviewed his submissions again, I appreciate why Mr T has concerns about FOL's website and the accuracy of the information he obtained from it. Despite completing a detailed investigation, I haven't been able to obtain a clear explanation from FOL for the discrepancies Mr T raises. So, it does seem most likely that Mr T is correct to question the accuracy of data he has highlighted on FOL's website.

Mr T says misleading information about the number of defaulted loans misrepresented the risk to his money. Since the complaint has been with this service FOL has said there were loans that defaulted – which is different to the evidence Mr T has presented. While I appreciate that Mr T didn't have clear information available to him to evaluate his investment, the underlying risk remained the same. I say this because as soon as the funds were lent to borrowers, the risk of default and missed payments is the same whether the website reports defaults and missed payments or not. But I accept the point it was difficult for Mr T to understand whether there were loans in his portfolio that had defaulted until this service investigated his complaint.

Mr T has also provided further clarification to his complaint. He says the main dispute is not whether he was paid the correct sum but rather whether he was misled into thinking the sum he was going to receive was greater than the correct sum. He has provided examples of information that was included on FOL's website with conflicting information and discrepancies that he has found. I appreciate that unclear information about the loan performance is a factor in deciding whether Mr T's account has been fairly administered. But I still think it is relevant to my decision to make a finding on whether there is evidence he has been treated unfairly in the actual returns he's received. I say this because even if I was to find misleading information was displayed on the website, I would seek to remedy this by looking at whether the actual returns paid were fair - as this dictates whether there has been a loss caused.

I acknowledge Mr T's points about interest rates and descriptions of actual rates. He says the actual rate of interest is determined by the loan contract when money is lent to a borrower. And this rate of investment return shouldn't change during the loan term. I also acknowledge that he says when he talks about the money he was earning; this was in the past tense as the loan contracts were in place and he was earning that money. But my

intention in describing the actual return on his account takes into account both the contract rate of interest and the performance of the loans (i.e. whether the loans repayments are met, and capital was fully returned at the end of the relevant term). If there are loans that don't perform as expected, then they won't return the contracted rate. While the contracted interest rate is known at the time of investment, the future performance of any given loan is unknown at this point. So, this is why I have described Mr T's actual returns being based on performance of the loan portfolio. The return figures quoted by FOL measure returns from first deposit to when Mr T had his funds returned to him – unsurprisingly this meant the return rate fell steeply because no interest was being paid during the eight months the withdrawal was pending.

Overall, I haven't found reason to change my findings on the issues relating to the returns achieved on Mr T's loans before he made his withdrawal request. Even if I accept misleading information was given on FOL's website, in order to reach a finding that Mr T had suffered a financial loss I need to be satisfied he has been treated unfairly based on returns paid to him. I haven't found this to be the case. Mr T would like further investigation into the discrepancies he has found with the data provided on FOL's website – but I don't think this is necessary. I appreciate he will be disappointed by this, but I need to balance the value of further investigation and the likelihood of reaching a finding that FOL have caused him a loss and need to pay further compensation. Ultimately, we are an informal service that seeks to resolve disputes between financial businesses and their customers. My role is not to provide a forensic analysis of the data. I'm satisfied that our investigation has gathered sufficient details on the performance of the loan portfolio in order to reach a decision. Overall, I think Mr T has been treated fairly in the returns calculated prior to his withdrawal requests.

Payment of interest after withdrawal requests made

In the provisional decision I made a finding that FOL hadn't fairly applied the terms of the account when it stopped paying Mr T interest after his withdrawal request. Mr T appears to have interpreted the finding to mean the FCA is the relevant organisation to decide whether FOL's terms are unfair. For clarity, this isn't a finding that I made or intended to make. My provisional conclusions were solely in relation to the circumstances surrounding how Mr T has been treated by FOL. The purpose of my decision isn't to make any finding on any potential unfairness suffered by FOL's wider customer base. My decision is solely in relation to the individual complaint by Mr T about how his account has been administered. While I appreciate that Mr T would like the wider issue to be considered, this is not something that I am able to do as part of my findings on his complaint.

I note Mr T has contacted the FCA regarding this issue, I can't comment on whether this organisation will provide him with the action he requests. But I should reiterate, it was not my intention to suggest he should contact the FCA for the wider clarity he seeks on the fairness of the terms. In my provisional decision, I said only a court can decide whether the terms of a contract are unfair. I made reference to the role of the regulator, and I again reiterate what I previously said in that the FCA is responsible for regulating the conduct of businesses and setting rules for them to follow. It doesn't usually get involved in individual disputes.

While I understand Mr T's desire for a finding relating to the fairness of the terms, I'm satisfied I don't need to make this finding as I've already found reason to uphold the complaint on the basis that the terms were not applied fairly in the circumstances surrounding Mr T's withdrawal requests. And as far as I'm aware, Mr T no longer has any funds invested with FOL, so I won't comment further on the hypothetical situation of him investing again despite disagreeing with FOL's terms.

Mr T has raised further arguments in relation to him suffering a loss of opportunity to invest and earn interest in other P2P loans because of the delay in processing his withdrawal

request. FOL say the reasons for him not receiving the funds was because it had taken the decision to close the secondary market. Mr T has disputed the rationale for this. He says the reason that supply and demand could not occur was a deliberate act of FOL's making. He doesn't accept that the impact of the global pandemic was the cause of the closure of the secondary market. He thinks FOL were taking advantage of the position to make profits.

Firstly, I haven't seen any evidence to support Mr T's assumptions that FOL closed the secondary market for its own benefit. Secondly, the terms of the account did provide for the ability for investors to transfer loan parts to other investors to release invested funds. But the investor terms also say that FOL can suspend the secondary market as a result of situations which mean withdrawal of the investments is not reasonably or normally practicable without serious detriment to the interests of the investors. The fact FOL took this action during the height of a global pandemic, doesn't on face value seem unreasonable, and was in line with many other P2P platforms around this time. So, I haven't found reason to say Mr T should have received his funds when he made his initial withdrawal request and therefore lost an opportunity to reinvest elsewhere.

But, as I explained in provisional decision, I remain of the view that it was unfair for FOL to stop paying interest while Mr T's withdrawals was pending. I proposed a comparative calculation to establish if Mr T would receive a higher compensation payment if he received the interest that was earned on his loans than the 8% interest FOL offered him. I also clarified that if Mr T's loans which were subject to an outstanding withdrawal request were repaid, then FOL should have made these funds available to Mr T immediately rather than retained them. So if there were funds that were retained by FOL and only repaid with the bulk of the withdrawals in 2021, then as part of the comparative calculation FOL should add 8% simple interest to these funds from the period when they were repaid by the borrower to the date it paid the funds to Mr T to reflect the cost of being deprived of the money.

Mr T has made further arguments to say he would have received a greater return on these funds than the 8% I have proposed. He has provided information in relation to other P2P platforms he held accounts on. This evidence shows he was investing in other P2P opportunities in 2021. Although a lot of these transactions were after he had his refund from FOL, and I couldn't see significant loan purchases immediately after Mr T received the bulk of his funds return at the start of May 2021 – suggesting he didn't always invest all available funds as soon as they were returned.

To be clear, I'm not saying Mr T wouldn't have invested elsewhere had the funds been available sooner. But there is uncertainty around what is most likely to have happened. For example, until FOL sets out the calculation it's still uncertain whether he had loans that were repaid but not released to him, how much was invested in any such loans and the precise date they were repaid. Also, there isn't clear evidence of exactly what would have been available to invest in at the relevant point. And the inherent risk of P2P lending means even if reinvested, the funds could have gone into poor performing loans that resulted in a capital loss. This all needs to be considered without the benefit of hindsight and knowing which loans performed well and at good rates. The purpose of decision is not to maximise the compensation but reach a conclusion that is fair and reasonable in all of the circumstances.

All of this means, I think it is fair and reasonable to use an 8% interest rate if there are any periods where FOL retained funds that it should have released to Mr T. I appreciate Mr T has offered to provide further evidence, but I don't think this is necessary as I'm satisfied there is sufficient evidence already to reach a finding on this point that is fair and reasonable – for the reasons given above.

FOL has not made further comments or arguments for me to consider. FOL has however, provided details of a calculation it completed to show the interest Mr T's loans earned after his

withdrawals request. I have sought clarification from FOL as the calculation showed a large percentage of the loans didn't earn any interest whilst pending withdrawal. But the response sent doesn't satisfy me that it followed my proposed calculation. And in any case, I've provided further clarification on additional interest that needs to be added for repaid loans.

While overall it appears, FOL has agreed to the redress methodology, it does need to set this out clearly and in a simple format to show that it is following the direction. It also needs to follow the clarification I made regarding any loans that were repaid but the funds weren't immediately released to Mr T. This is all set out below in the "Putting things right" section of this decision.

FOL's overall handling of Mr T's queries

In my provisional decision I proposed that FOL should pay Mr T £400 to recognise the practical and emotional impact of its handling of his queries about his account. Mr T has requested a higher compensation payment to recognise the time he has spent trying to get his queries answered and for the time he has spent on his complaint submissions. I've considered the arguments he makes but I haven't found reason to increase the compensation.

I understand the points Mr T makes for why he would like compensation linked to his earnings from his employment. But in the situation of this complaint, I don't find that compensation should be considered in this way. I have factored in the inconvenience he has experienced by spending time dealing with the matter. Mr T brings the complaint in his personal capacity, so I don't find it appropriate to link compensation to his earnings. If Mr T has used holiday or flexi time when dealing with the matter it won't have resulted in a financial loss – but I do appreciate he may have lost the chance to use this time on his own terms, and again I have factored that in to the award I make. I also don't think it's appropriate to compensate Mr T for the time he spent making submissions to this service either. We are a free service to the public and don't make awards for time spent on making submissions to support the complaints that are referred to us.

For the reason given in my provisional decision and those given above, I find that FOL hasn't treated Mr T fairly in the way it administered his account after he made his withdrawals request. I also find that it failed to answer and deal with his queries on his account in a timely and effective way – causing his distress and inconvenience. For these reasons I uphold this complaint.

Putting things right

I direct FOL to calculate whether Mr T would have received a greater interest payment by calculating the difference between what his funds earned in interest whilst waiting to be withdrawn compared to the 8% interest it has been offered.

When looking at the comparative calculation FOL can take into account any loans where interest payments due were missed and not paid by any other provision (e.g. would have been covered by a provision fund), so not actually accrued. If there were any loans which were repaid early, if the funds weren't paid immediately (i.e. with a couple of days) to Mr T and instead retained by FOL despite the pending withdrawal request, FOL must add 8% simple interest on these funds from the date they stopped earning interest to the date they were paid to Mr T. This is to recognise the cost of Mr T being deprived of money.

If FOL is unable to accurately calculate what the returns were after the withdrawals requests, it can use the figure of what the funds had earned prior to the requests (i.e. the 11% in quoted

in the spreadsheet it sent) as a reasonable basis of how much interest would have been paid.

FOL needs to set its calculation in a clear and transparent way, so that it can easily be understood which loans Mr T was invested in and how much interest was received for those loans during the relevant period. It should also clearly show if any loans had missed payments, anywhere a provision fund would have met the payment and any that were repaid early (including the 8% interest added to these loans).

When the calculation is complete, FOL should pay Mr T the higher amount. So if the comparison shows that Mr T would have received more in interest if he was paid the actual returns on his funds than the 8% offered, FOL should pay him this amount – but if this is less it should honour the 8% offer it made.

FOL should also add interest at 8% simple per year on the amount paid from the date Mr T had his funds returned to the date of settlement.

I also direct FOL to pay Mr T £400 for the distress and inconvenience he has suffered as a result of way FOL dealt with his queries.

My final decision

I uphold the complaint and tell FUND OURSELVES LIMITED to complete a calculation of the interest Mr T is due – as described above – and pay him that amount. And pay Mr T £400 for the distress and inconvenience caused by the handling of his queries.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 25 April 2023.

Daniel Little
Ombudsman