

## **The complaint**

Mr O complains that Harvey & Thompson Limited auctioned a gold ring he had pawned.

## **What happened**

On 13 November 2021 Mr O pawned a gold ring under a regulated credit agreement with Harvey & Thompson Limited ("H&T"). The agreement was to last for six months, and therefore it was to expire on 13 May 2022, unless the ring was redeemed earlier, or unless the agreement was renewed. H&T paid him £360. The ring was redeemable on payment of £575:78, and therefore the interest was £215:78.

Mr O did not redeem the ring within the six months. On 13 May 2022 he made a payment of £100. Then on 27 July 2022 he made another payment of £100. He says that one of those dates, H&T told him that the agreement was extended to November of that year. But in August the ring was sold at auction.

Mr O complained to H&T, and then to our service. H&T said it had been entitled to sell the ring, because the £100 payment he had made in July had not been enough to either redeem the ring or renew the agreement. It said it had written to Mr O before the auction to remind him that the ring could be sold. The July payment was refunded to him in December 2022. (Unfortunately the May payment has been overlooked by everyone until now.)

Our investigator did not uphold this complaint. She said that there was no evidence that the pawn agreement had been extended by six months. She said that Mr O had been a customer of H&T for several years, and so he should be familiar with how pawn agreements work by now. She found that H&T had written to him to tell him that the ring was going to be auctioned, and that it had been entitled to sell the ring because his payment of £100 in July had not been enough to redeem it or to renew the agreement.

Mr O did not accept that opinion. He claimed to have been a victim of fraud and theft. He asked for an ombudsman to review this case.

## **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 find that it has no merit and so I do not uphold it. I will explain why, but it is essentially for the same reasons as the investigator.

As I've said, Mr O needed to either redeem the ring, or renew the agreement, by the end of the six months term of the agreement, which was 13 May 2022. He did neither. He made two payments of £100, one on that day and the second over two months later, on 27 July. That was certainly not enough to redeem the ring or to renew the agreement, and so I do not think it is plausible that anyone at H&T told him that the agreement would be extended by another six months. For that reason, I do not accept that he had until November 2022 to redeem the ring, and I find that on 13 May 2022 H&T became entitled to sell it.

H&T wrote to Mr O on 13 April 2022, a month before the agreement was due to end, to remind him that the agreement was coming to an end. It wrote to him again on 22 July, a month before the auction, to tell him that it was about to auction the ring. And it wrote to him again on 23 August, the day after the auction, to tell him it had sold the ring. I have checked that Mr O's address on the pawn agreement is correct, and it is; and of course he was a regular customer of H&T, so I'm satisfied that all of these letters were sent to the right address. (If any of them were lost in the post, that would not be H&T's fault.) H&T therefore fulfilled its legal responsibility to tell Mr O that it was selling the ring.

After that, H&T refunded the July payment of £100, because in consequence of the sale this payment had now become a surplus amount under section 121(3) of the Consumer Credit Act 1974. H&T was required to do that. Mr O has complained that he had not intended this payment to be a surplus payment, and of course it wasn't, but that's what it became once the ring was sold. As I've said, it wasn't enough to prevent the sale, and so H&T was allowed to sell it. I think it is regrettable that Mr O has accused H&T of acting in bad faith, because there was no evidence to support that allegation.

There has been one error in this case: H&T should have refunded the May payment too. I pointed this out to H&T, and it agreed. It says that if Mr O gets in touch, it will arrange for this payment to be refunded to him as soon as possible. The phone number he should call to arrange this is provided in the covering letter which accompanies this decision.

Apart from that oversight, which I'm sure was unintentional and which did not contribute to the ring being forfeited, I find that H&T has otherwise acted entirely in accordance with the law and with the pawn agreement.

### **My final decision**

My decision is that I do not uphold this complaint.

I leave it to Mr O to contact H&T to arrange the refund of the outstanding £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 14 September 2023. What he decides about that will not affect his entitlement to the £100 refund.

Richard Wood  
**Ombudsman**