

The complaint

Mr M complains that he's been overcharged on his loan.

What happened

Mr M wished to settle a loan he had taken out with Metro Bank PLC trading as RateSetter early. He contacted RateSetter on 16 August 2023 and asked for a settlement figure. He was told because a payment was in progress, the settlement figure couldn't be given that day but would have to be requested after 12 noon the following day.

On 19 August 2023, Mr M paid an amount which he believed to be correct to repay the loan in full. On 15 September 2023, Mr M called RateSetter and was told his loan remained open and that he owed £171.65 and interest of £3.32 (total £174.97). Mr M was unhappy with this and raised a complaint that RateSetter's online platform had given incorrect information. He wanted RateSetter to confirm that the loan had been fully repaid on 19 August 2023 and repay the £174.97 which he believes he's been overcharged.

In response to Mr M's complaint, RateSetter said Mr M had opted to make an extra payment rather than settle the loan. It went on to say the payment Mr M made reduced the term of the loan and left a payment of capital and interest outstanding.

Mr M was unhappy with RateSetter's response and brought his complaint to this service. One of our investigators considered Mr M's concerns but concluded RateSetter hadn't done anything wrong. They said Mr M had clicked on the incorrect button and that's why the loan wasn't settled. They went on to say that although Mr M believes RateSetter should've known he wanted to settle the loan because of his previous actions, the portal he used to make the additional payment couldn't be expected to tell what his intentions were.

Mr M remained unhappy and said that the options on the portal weren't clear and so he wanted an ombudsman to reconsider his complaint. I've therefore been passed his case to decide.

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 appreciate Mr M's depth of feeling over this matter but, although I know this will come as a disappointment to him, I'm not upholding his complaint. I'll explain why.

I can see why this matter will have been frustrating for Mr M. I can understand why he was frustrated that he couldn't get a repayment figure and settle the loan on the day he wanted to. But I don't think that Ratesetter's reasons for why he couldn't do this are unreasonable.

Having looked at Mr M's loan statement, it shows payments being received to the account on or around the 16th of the month – and Mr M contacted Ratesetter on 16 August. By that point, RateSetter confirmed that his payment was already in progress and payments can be

recalled, or problems encountered. So I don't consider it unreasonable that RateSetter should want to make sure the regular monthly payment had cleared before it gave a settlement figure. Mr M says he would've been prepared to overpay on the day and then get a refund, but I can't see that he ever discussed that with RateSetter as an option. In any event though, I think RateSetter gave him fair advice about what he needed to do here.

In terms of the amount that Mr M eventually paid to RateSetter, he says he checked the day after the call and the settlement figure had gone up. Then he says that he paid the amount he believed was due. Mr M says he generated a settlement figure the day before the payment was due and then calculated himself what he needed to pay to settle. I understand why Mr M could think that this would give him the correct figure.

But the agreement for Mr M's loan explains that he can call RateSetter if he needs to settle a loan. His loan statements also explain that if he needs to settle his loan then he should give RateSetter notice and contact it for a final settlement figure. Mr M didn't do that before he paid the amount he thought was due - but rather calculated the figure himself. Unfortunately, that calculation proved to be incorrect. I don't consider that RateSetter incorrectly advised Mr M of a settlement figure.

Mr M suggests the site was not clear which button needed to be pressed to settle the account. In his testimony to us he says he "may have pressed the wrong button". So I've looked at what was presented to Mr M and whether that may have misled him. There are two options "Extra Payment. Reduce remaining amount" and "Settle my loan. Pay the full remaining amount today". Both options have equal prominence, so I think this is clear. Mr M has said he may have pressed the wrong button. From the account notes I've seen, Mr M did press Extra Payment and that's why the loan didn't settle – but I don't think that's something it'd be fair to hold RateSetter liable for given the clarity of the information it gave him.

Finally, Mr M says RateSetter should've known he wanted to settle the loan and not just make an extra payment and they've treated him unfairly by not carrying out what he clearly intended to do.

Other than the phone call on 16 August 2023, I can't see that Mr M had any further discussions in relation to making the payment. He went onto the portal on 19 August 2023, pressed "Extra Payment" and made the payment he thought was due. That payment was then credited to his loan account. I don't think it's reasonable to believe that the portal would know what Mr M's previous intentions had been – it could be argued those intentions may've changed. So, I think it's reasonable that the portal processed the instruction which Mr M gave.

Given all the above, I don't believe Metro Bank PLC trading as RateSetter has treated Mr M unfairly or unreasonably and I don't think any refund is due.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 April 2024.

Stephen Farmer

Ombudsman