

The complaint

Mr D complains about a loan he took out with Clydesdale Financial Services Limited trading as Barclays Partner Finance ("BPF"). He's unhappy that the term of the loan is 10 years when he thought it was 5, and he's unhappy that interest has been applied to the amount he borrowed.

What happened

In October 2019 Mr D purchased some windows from a merchant and entered into a fixed sum loan agreement with BPF.

The loan was activated on 13 December 2019. The monthly repayments were £137.19 payable for 120 months.

In January 2022 Mr D contacted BPF to query the loan amount. BPF investigated and discovered that although the merchant had applied a reduction of £450 prior to the activation of the loan, this hadn't been communicated to BPF. To resolve this, BPF reduced the loan amount by £450 and adjusted the interest. The amended cash price of the windows was £12,814. The amount to be financed was £10,161 and the total sum repayable was £15,913.82.

In December 2023 Mr D contacted BPF. He said he wanted to settle the loan, but he believed the outstanding balance/settlement figure to be wrong. Mr D said he'd agreed with the merchant that he would repay the loan over 5 years with interest included in the overall amount.

BPF issued a final response on 29 December 2023. It didn't uphold the complaint. It said the figures which it had provided were correct. BPF said the loan was an interest bearing loan and was for a term of 10 years as per the signed credit agreement.

Mr D remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. They said it wasn't possible to contact the merchant who supplied the windows to find out what was said at the time, because the merchant was no longer trading. They said that the credit agreement confirmed the amount to be paid which included interest and that the term was shown in the credit agreement as 120 months.

Mr D didn't agree. He said he'd never signed an agreement for 120 months and that the information provided to BPF by the merchant was incorrect.

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 reviewed the loan agreement dated 16 October 2019. This states that the duration of the loan is 120 months (10 years). The agreement also confirms the cash price of the goods, the

interest rate (9.9% variable) and the total amount payable including interest. The loan agreement has been electronically signed by Mr D.

Mr D has said that he never signed a document which stated that the agreement was for 120 months. He's said that none of the three invoices he was given by the merchant stated that the agreement was for 120 months. Mr D says he was initially told that the term would be for 3 years and was then told that it would be 5 years, which he says he agreed to. Mr D says that the merchant sent him an email which said that if he overpaid, the balance would be cleared much sooner. He says he agreed to change his direct debit to £200 per month but this never happened.

I've reviewed the email from the merchant dated 16 October 2019. It states:

"Here is your Everest Agreement together with the standing order form to make overpayments and a summary of the possible finance payments. From the date of your first payment of £137.19 going out you can make overpayments. If you set up a standing order for £200/month for 36 months, that will clear your account"

Based on what I've seen, I'm satisfied that the loan agreement has a term of 120 months. I'm also satisfied that Mr D signed the loan agreement. In signing the agreement, Mr D has agreed to be bound by the terms and conditions of the loan, including the term of 120 months and the total sum repayable which includes interest. I haven't seen any evidence to suggest that the loan should've been for a shorter time, or that it should have been interest free.

That said, it seems likely that Mr D had a discussion with the merchant about paying off the finance sooner – perhaps within the 3 or 5 year period that Mr D has referred to. In the email I've referenced above, the merchant has explained to Mr D that he needs to make an overpayment of £200 each month (i.e., a total monthly payment of £337.19) if he wanted to pay the account in full within 3 years.

I've gone on to look at the payments made by Mr D towards the agreement. I can see that from January 2020 Mr D paid the contractual payment of £137.19 each month. In addition, he paid a lump sum payment of £2000 on 4 October 2022.

Based on what I've seen, it doesn't look like Mr D set up the standing order to make the overpayments of £200 each month. So the monthly payments he's been making won't clear the balance within 3 or 5 years.

I appreciate that Mr D has said that he's been misled by the sales representative of the merchant. I've thought about this. Section 56 of the Consumer Credit Act 1974 makes the supplier of the goods (Everest) the agent of BPF for the purposes of any negotiations which take place in the time leading up to the agreement. This means that BPF is liable for the acts or omissions of the merchant in relation to the sale of the loan.

As I've said, I've thought about this. However, the merchant is no longer trading so I haven't been able to obtain any further information about the discussions which took place. In circumstances like this, I'm only able to look at the evidence which is available. Having done so, I'm satisfied that the loan agreement clearly states that the terms is 120 months, and that the cash price is subject to interest. There's no evidence to suggest that the loan was meant to be for 3 or 5 years. Further, the email from the merchant suggests that Mr D was aware that the agreement was going to be longer than 3 or 5 years because in the email its made clear to Mr D that he would need to make significant overpayments each month to clear the loan within 3 years.

Taking all the available information into consideration, I'm unable to uphold the complaint. There's no evidence that BPF has made an error or treated Mr D unfairly.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 December 2024.

Emma Davy
Ombudsman