

The complaint

Ms L complains that she's a victim of fraud and she was coerced by a third party into taking out a bridging loan with West One Loan Limited. She considers West One to have been complicit in the fraud. She also complains that West One wouldn't allow her to extend the term of her loan and that it harassed her for repayment when it knew she was vulnerable.

What happened

Ms L had an existing bridging loan which she had taken out with another lender in 2021. In 2022 she applied through a broker for a new first charge secured bridging loan with West One. The loan money was to repay the existing bridging loan, to cover divorce costs, and for home improvements. The loan completed in June 2022 for a term of 12 months, for around £850,000 plus fees and interest.

In March 2023, Ms L made a complaint to West One. She said the individual she had dealt with when taking out the bridging loan, who I'll call G, had lied about being a financial adviser and had misled her into taking out the loan and defrauded her. She wanted West One to pay her the commission it had paid to a broker firm for the loan, because she said she had already paid G twice for the loan and she had never had any dealings with the broker firm. She also wanted the loan term to be extended.

West One said it had done nothing wrong. It said it had accepted Ms L's application for a bridging loan from the broker firm, and the broker firm is independent and is authorised by the Financial Conduct Authority (FCA) – so Ms L's concerns about G and the broker firm should be directed to the broker. It also said the commission it had paid to the broker was set out in the loan offer which Ms L had signed, and Ms L had received legal advice before accepting the offer. West One then considered Ms L's request to extend the loan term, but declined it.

In June 2023, Ms L took out another bridging loan with a different lender to repay the West One bridging loan. The West One loan was repaid shortly before the end of the 12-month term.

In the meantime, Ms L had asked the Financial Ombudsman Service to look into her complaint. Our Investigator said that West One had assessed the application that was presented to it on Ms L's behalf by a regulated broker firm, it had ensured Ms L received legal advice, and its decision to grant the loan hadn't been unreasonable. The Investigator also found that West One hadn't done anything wrong in discussing repayment of the loan with Ms L and in not extending the loan term.

Ms L didn't accept that conclusion and asked for an Ombudsman's review. She was still of the view that West One knew about and was involved in the alleged fraud committed by G and the broker firm.

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'm sorry to read about Ms L's poor health and the difficult time she has had. I've kept in mind everything she has told us about this in deciding her complaint. However, while I realise Ms L will be very disappointed, I find I can't fairly uphold this complaint.

The loan application and West One's decision to lend

Ms L has set out in detail why she considers that G, who she says sold her the loan, acted fraudulently and stole from her. But I can't make a decision here about G or about the broker firm involved. The complaint I'm deciding is about West One, and I can't hold it responsible for anything G or the broker firm did or didn't do. Neither G nor the broker firm was acting for West One or on its behalf – an adviser acts for its client, which in this case was Ms L.

I've looked very carefully at West One's part in the set-up of the loan and its decision to lend. Ms L's bridging loan application was submitted to West One through a broker firm which, as West One has pointed out, had and continues to have the necessary FCA authorisation to advise on and arrange regulated mortgage contracts. Ms L has said that she never had any contact with the broker firm and she dealt only with G.

It appears that G was an adviser for the broker firm at the time of Ms L's application. That, however, is a matter for the broker firm, which isn't the respondent to this complaint. As far as West One was concerned, Ms L's application was received from an authorised broker firm. I see no reason why it should have been alerted to a particular problem, and the broker, not it, was responsible for giving Ms L advice about the suitability or otherwise of the loan arrangement.

West One was entitled to rely on the information presented to it, through the broker, about Ms L and her circumstances. I find nothing to indicate that it knew or reasonably should have known that Ms L was vulnerable or that she wanted a buy-to-let mortgage and not a bridging loan, for example. It wasn't told about her illnesses and it was given reasons for her need for the loan: to repay her existing bridging loan which was coming to the end of its term, to cover the costs of her divorce, and to pay for work on the mortgaged property.

West One's records say that it spoke to Ms L on the phone about the loan application on 13 June 2022, and she confirmed these reasons for the borrowing. Its records also say that it questioned the addresses provided to it in order to establish whether she was living in the property to be mortgaged. Before agreeing to lend, it also considered how Ms L would repay the loan at the end of the term, and whether that plan was plausible and realistic.

Ms L's application form said that she would repay the loan by either refinancing or selling the mortgaged property. Ms L later told West One in writing that she planned to repay by selling the property and would put it on the market within six months. West One's records of its call with her in June 2022 say she confirmed that on the call. Its underwriting notes say that the loan was for less than 50% of the estimated property value, which would leave Ms L with a substantial sum post-sale to move to another area as she planned.

I'm satisfied that it was reasonable for West One to have concluded that Ms L's plan for repayment of the loan was plausible and realistic, based on the information provided to it at the time.

West One also required Ms L to take legal advice before the loan could go ahead. I've seen a copy of a letter from solicitors acting for Ms L (the same firm of solicitors she instructed in early 2023 when she was considering selling the property) to West One's solicitors dated 10 June 2022. The letter said the solicitors had met Ms L in person and alone, and they had

explained the legal nature and conditions of the mortgage offer to her, as well as that the lender hadn't advised her on the suitability of the loan. It also said:

"There is no evidence apparent to us of any pressure or undue influence being applied to the Borrower. The Borrower appeared to understand the nature of the proposed transaction and appeared to sign all documents of their own free will and accord. We certify that the person who signed the Offer Letter and the form of Legal Charge before us is the Borrower named in the Offer Letter."

Having carefully considered all the available evidence and surrounding circumstances, I don't consider that West One was irresponsible in granting the bridging loan to Ms L. I don't think there were any particular red flags or warning signs that should have alerted it to the coercion and fraud of which Ms L has said she has been a victim.

West One paid the broker firm £9,725 for introducing the loan to it. It's not unusual for a lender to pay commission to a broker for introducing a mortgage, although such an arrangement should be set out in the offer documents. This was set out clearly in Ms L's offer. I find no basis on which I might fairly require West One to pay this sum to Ms L – it's not a fee that she paid for the loan, and West One did nothing wrong in paying it to the broker firm.

Repayment of the loan

Ms L asked West One to extend the term of her bridging loan, as she wanted more time to repay it. West One declined her request, on the basis that the mortgaged property hadn't yet been marketed as it expected and as set out in the loan conditions. It knew that the loan had been taken out to refinance an existing bridging loan and it became concerned about Ms L's repayment plan.

The terms of the loan agreement required Ms L to repay the loan by the end of the 12-month term on 15 June 2023. So West One was entitled to expect full repayment of the loan by then. I would, however, expect it to have considered Ms L's request for a term extension and her reasons for wanting more time. I'm satisfied that it did so and that its decision not to extend the term was reasonable in the circumstances.

West One had concerns about the impact of allowing the loan to continue, both from a risk perspective (because Ms L hadn't marketed the property as expected) and also in terms of whether doing so would be in Ms L's best interests. If it had agreed to an extension, a fee of 2% of the loan would need to have been paid, plus more interest – further eroding Ms L's equity in the property on top of the interest and fees she had already incurred on two bridging loans.

Ms L has said that West One harassed her for repayment of the loan as the end of the term approached, despite her vulnerability and after she had told it that she was in a 'breathing space' debt respite scheme. Correspondence between Ms L and West One shows that West One acknowledged Ms L was in a breathing space, but it asked her for confirmation from the Insolvency Service that her bridging loan was included. I think that was a reasonable request, since only certain debts are included in the scheme and secured debts are excluded (other than arrears). I find nothing to indicate that West One received anything to confirm that the bridging loan was included in Ms L's breathing space.

I don't consider that West One harassed Ms L for repayment or that it treated her unfairly as the loan neared the end of its term. Its correspondence with her said it expected her to repay the loan by the end of the agreed term – and that was a fact. West One sent Ms L details of

its loan default process when she asked. There was ultimately no need for it to take action to recover the debt or to discuss forbearance, because Ms L refinanced the loan.

Conclusion

Overall, I don't find that I can fairly uphold this complaint. I don't think that West One should have declined Ms L's loan application at the outset, and I don't think it treated her unfairly in not extending the term or in asking about her plans for repayment.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 14 June 2024.

Janet Millington
Ombudsman