

The complaint

Miss T complains about a settlement figure provided to her by Clydesdale Financial Services Limited trading as Barclays Partner Finance (BPF) in relation to a loan she took out with it.

What happened

In November 2022, Miss T bought a kitchen and took out a loan with BPF to finance the purchase. The total amount repayable was £10,134.80, to be repaid over 60 monthly repayments of £160.58. In October 2023, Miss T says she wanted to pay off the loan, and so she contacted BPF to ask for a settlement quote. She was told she'd need to pay £6897.28 to settle the account. Miss T thought this was too high as she'd made several monthly payments of £160.58. Miss T says she wrote to BPF to ask for an explanation as to how the settlement figure had been calculated, but she didn't understand the reply. Miss T then spoke to someone at BPF, but she says they couldn't explain this over the phone either, and she was spoken to rudely by a member of staff. Miss T says she was told BPF would send her another letter with an explanation, however this didn't arrive.

Miss T says she has paid unnecessary interest on the loan, because she didn't want to settle it while she was waiting for an explanation as to how the settlement had been calculated. To put things right, Miss T says she would like BPF to refund any interest applied to her account after October 2023, a written explanation as to how the settlement figure has been calculated and compensation for the time she's spent dealing with the issue.

BPF responded to Miss T's complaint, but they didn't uphold matters. It explained that the settlement figure had been calculated correctly, and they didn't think Miss T had been treated unfairly over the phone.

An Investigator considered what both parties said but didn't think BPF had done anything wrong. The Investigator also felt BPF had explained how the settlement figure had been calculated.

Following the Investigator's view, there has been much correspondence between Miss T and the Investigator. The Investigator has gone back to BPF to ask more about how it calculated the settlement but they remained satisfied that the settlement figure was correct.

Miss T asked for an Ombudsman's view on the matter. While it appears she now accepts that the settlement figure was calculated correctly, she says she has had to pay more in interest because of BPF not providing her with clarification about how it had calculated the figures when she asked for it in October 2023. Miss T also added that BPF had provided her with inaccurate information and an incorrect representation of the total finance amount on the Pre-Contract Credit Information.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 considered all of the available evidence, I won't be upholding Miss T's complaint. I have answered Miss T's complaint in subsections for ease of reading.

Settlement figure

On 17 October 2023, BPF sent Miss T a settlement offer, the offer was valid until 14 November 2023. The breakdown of the settlement was as follows:

Total amount payable under the agreement: £8671.32

Less rebate on early settlement: £1774.04

Total amount payable to settle your loan in full: £6897.28

Miss T disputes the settlement amount and how BPF calculated the settlement figure. Based on the evidence provided by BPF, and the absence of any information to contradict this, I am satisfied that BPF's calculations are more likely correct.

I have looked at the "*total amount repayable under the agreement*" as outlined in the settlement letter and I'm satisfied this is correct. By the time Miss T received the offer, she had made 6 repayments to the loan – these totalled £963.48. So, the total amount repayable under the agreement (from the settlement letter) is calculated as £10,134.80 (total amount repayable on the credit agreement), less the deposit Miss T already paid of £500 and less the repayments she had already made totalling £963.48. This figure equals £8671.32 as stated in the letter.

In relation to the rebate for early settlement figure, the Pre-Contract Credit Information states it "*will calculate the rebate in line with the Consumer Credit (Early Settlement) Regulations 2004.*"

I have asked BPF to show me how it has calculated this figure. Again, I'm satisfied that it has correctly calculated this as £1,774.04. The calculations it has shared with me about this are commercially sensitive and so I can't share it with Miss T. However, I hope my independent review of this information can provide satisfactory assurance to Miss T that she hasn't been treated unfairly when her rebate was calculated. And I'm satisfied that BPF has calculated the rebate amount in line with the Consumer Credit (Early Settlement) Regulations.

The total amount repayable to settle the loan is £6897.28. This has been calculated by deducting the early settlement rebate, from the total payable under the agreement.

Having carefully considered everything provided to me by both parties, I'm persuaded that BPF's settlement figure provided to Miss T in a letter in October 2023 is more likely correct.

Interest Rate

In deciding that the settlement figure is more likely correct, I have looked at the interest rate BPF provided the loan at, and the amount BPF charged Miss T for the loan. BPF has provided this service with an explanation as well as calculations showing how it has charged interest on the loan. Based on the information provided, I'm satisfied that BPF has charged the rate stated in the agreement.

Pre-Contract Credit Information

I note that Miss T has said that BPF has provided incorrect information in the Pre-Contract Credit Information. She says the Pre-Contract Credit Information incorrectly stated the amount of total credit for the loan was £6,999. I have looked at the Pre-Contract Credit Information, and I can't see any information in it that appears incorrect. The £6,999.90 is correctly described as the loan amount, as this is the amount Miss T borrowed. I've checked all of the figures in the Pre-Contract Credit Information, and I haven't found any of the figures to be inaccurate or incorrect.

Customer service

Miss T has said that BPF didn't try to help her understand how it had calculated the figures. I have listened to the call Miss T had with BPF in relation to this. I don't share BPF's or the Investigator's view that the call relates to complaint handling and so this service can't consider a complaint about it. The purpose of the call was for Miss T to try and get a better understanding of how the settlement figure had been calculated, so it is linked to Miss T's specific complaint about the settlement figure. That said, the representative did try to help Miss T understand how the settlement figure had been calculated – so I can't agree it didn't try to support her here. And I also can't agree that the advisor was rude to Miss T.

Refund of interest

I note Miss T wants BPF to refund the interest she has been charged since October 2023. She says she would have paid the loan in full if she had been helped properly in the first instance.

I've thought about this point carefully, but I don't find that BPF should refund the interest. As I've said above, during the call, BPF's representative did try to help Miss T understand the settlement figure. And even if I were to accept that BPF could have done more to explain things to Miss T; the level of detail Miss T has asked for is more than I would have reasonably expected BPF to provide. In other words, even if BPF had done more to help Miss T, I still don't think she would have agreed with the settlement figure, and I don't think it likely she'd have paid the balance after more help. I also note that the settlement agreement states that any over payments would be refunded to Miss T, so there was the option of Miss T paying the loan amount and disputing it with this service at a later date. I also haven't seen that Miss T was led to believe that her interest would be frozen while her complaint was being dealt with. So overall, I don't think it would be fair or reasonable of me to ask BPF to refund the interest applied since October 2023.

My final decision

For the reasons set out above, I don't uphold Miss T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 30 October 2024.

Sophie Wilkinson
Ombudsman