

The complaint

Mr S complains that Bank of Ireland (UK) Plc has charged him the wrong rate of interest for his loan. He recalls the interest rate on offer as being significantly lower.

What happened

In March 2022 Mr S applied for a loan with Bank of Ireland – he says this was done via an aggregator website. The loan was for £16,000 and the term was 60 months. Mr S says he recalls the rate of interest being 2.7%, however he has been charged at a rate of 12.9%. So, in December 2023, Mr S asked Bank of Ireland more about this and subsequently complained. Mr S also told Bank of Ireland that he had never received any correspondence about his loan.

Bank of Ireland reviewed Mr S's complaint. In summary, it explained that the rate of interest was 12.9%, and this was based on information Mr S provided at application and a credit check. It apologised that the interest rate wasn't what Mr S expected and said it couldn't provide a specific reason about why this had changed because it was commercially sensitive. It further explained that the website said that the representative rate shown wasn't guaranteed, and the actual rate applicable would be based on the applicant's circumstances.

In relation to the loan correspondence, Bank of Ireland said this was sent to the address it held for Mr S. Overall, whilst it acknowledged that an adviser initially offered Mr S £30 compensation, which Mr S says he refused, the review detailed in the final response didn't reveal any errors. So, the complaint wasn't upheld.

Mr S remained unhappy and brought his complaint to this Service. One of our Investigators reviewed matters and didn't recommend that the complaint be upheld. In summary, he thought it was likely that the information presented to Mr S during the application process made it clear that the illustrated rate of interest was likely to change. He also thought Mr S was likely provided with information showing the rate of 12.9% before he agreed to the loan. Our Investigator said Mr S hadn't raised concerns about the rate, or that he hadn't received correspondence about his loan, until December 2023. He thought Mr S might have raised things sooner if there was a problem.

Bank of Ireland didn't dispute our Investigator's opinion, but Mr S did. In summary, he reiterated his previous points. He also explained that he was dealing with serious mental health issues over the period he had the loan which was why he hadn't raised matters sooner. Mr S ultimately asked for an Ombudsman to review matters, so the case has been passed to me 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.

A number of issues have been raised in relation to this complaint, however this decision will focus on what I consider to be the crux of the complaint. As part of the resolution to his

complaint, Mr S has said he would like Bank of Ireland to be fined. The Financial Ombudsman Service does not fine or punish businesses; my role is to reach a fair and reasonable outcome on Mr S's individual complaint based on the available evidence.

With that in mind, while I know this will likely disappoint Mr S, I can't agree that Bank of Ireland has done something wrong. Where there is limited information available, I've reached my findings based on what I think is more likely than not to have happened in the circumstances.

Bank of Ireland has provided screenshots of a process it says is the same as what Mr S would have followed when applying for the loan. These show that the applicant would be told that the rate they were offered would depend on their personal circumstances, and that it may be higher than any illustrative rate of interest.

Having considered this carefully, even if I accepted that Mr S saw a loan advertised at the lower rate he's told us about, I think it's more likely than not that this would have been a representative rate. And, I think it's likely an applicant would be told that the representative rate of interest was illustrative at some point in the process – I think this was likely the case here, and not unusual practice. And, even if Mr S didn't recall seeing this during the application process, I think it's likely that the follow-up loan correspondence outlined the rate he would be charged.

Mr S says he never received any correspondence about the loan. Bank of Ireland says it can't evidence that documents were sent because of the time that has passed, and because it has since removed the relevant system that had this information. However, it says it would have sent Mr S a welcome letter with details about the loan, and an annual account statement. Bank of Ireland has provided a copy of the annual statement with the address it held for Mr S. It has also provided a copy of the agreement, including the higher rate of interest, which it says Mr S would have electronically signed for the loan to have been approved, though it says it doesn't have the signed agreement.

Whilst I note what Bank of Ireland has said about its systems, it is disappointing that it hasn't been able to provide evidence to show information was sent to Mr S, given how recently the loan was approved. So I'll need to base my findings on the available information, and the testimonies provided by both parties.

In considering the available information, on balance, I think it's unlikely that a loan would have been approved and funds released if Mr S hadn't agreed to it. I'm also persuaded, based on the available evidence, that the loan agreement Mr S agreed to included the higher rate of interest. I say this because the copy agreement I've seen details this. I also think it's unlikely that Bank of Ireland would approve Mr S for one rate, only to charge him significantly more later.

On balance, I'm persuaded that Bank of Ireland sent Mr S documents about his loan following this. I say this not only because it was a requirement for Bank of Ireland to do so, but also because Bank of Ireland has been able to evidence loan correspondence it says it sent to Mr S, with his address on. I've also considered that an applicant would likely expect correspondence about the loan they'd applied for soon after taking it. And if that hadn't been sent, I'd expect that to have been followed up sooner. But Mr S didn't contact Bank of Ireland about the loan until almost two years later.

Mr S has also raised concerns about how his data has been kept and says he intends to raise a complaint with the Information Commissioner's Office (ICO). Mr S further explained that he thought Bank of Ireland was in breach of General Data Protection Regulation (GDPR). It's important I explain that this Service is unable to make a finding on whether

there has been a breach of GDPR. If Mr S wants to contact the ICO further about Bank of Ireland's obligations under GDPR then he is free to do so.

Overall then, with all of that in mind, I can't reasonably conclude that Bank of Ireland has done anything wrong here. I'm more persuaded that it did notify Mr S of the higher rate of interest he was due to be charged, and that it sent correspondence about the loan detailing this information during the period Mr S held it. So, while I appreciate this will be disappointing for Mr S, I don't require Bank of Ireland to take any further action.

It follows that I don't uphold Mr S's complaint.

My final decision

My final decision is that I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 October 2024.

Hana Yousef
Ombudsman