

## **The complaint**

Mrs P complains that Vanquis Bank Limited (“Vanquis”) failed to provide her with sufficient information about the terms of a loan agreement that she signed in June 2023. And she complains that, more recently, the lender has failed to provide her with a copy of the agreement when she asked for one.

## **What happened**

Mrs P was given a loan by Vanquis in June 2023. She borrowed £7,000 that she agreed to repay in 48 monthly instalments of £205.47. Mrs P successfully made the first seven monthly repayments however her loan has now been defaulted and was passed to a third-party debt recovery company, although I understand it has now been returned to Vanquis.

In early 2024 Mrs P told Vanquis that she had recently checked her credit report and was surprised to see a loan balance of around £9,000. Vanquis told Mrs P that the interest due on her loan was added to the outstanding balance at the start and that was clearly shown on the loan agreement she had signed. Mrs P asked Vanquis for a copy of the signed loan agreement. Vanquis failed to provide a copy of the agreement to Mrs P, so she brought her complaint to us.

Mrs P’s complaint has been assessed by one of our investigators. Initially the investigator sent Mrs P a copy of her signed agreement. He said the documentation led him to conclude that Mrs P had been given sufficient opportunity to consider the terms of the agreement including the interest that would be charged, and her right to withdraw from the agreement within 14 days of it being signed. So the investigator didn’t think Vanquis had done anything wrong when the agreement started. But the investigator thought the delays in Mrs P being sent a copy of the agreement when she asked for it in early 2024 had caused her some distress and inconvenience. So he asked Vanquis to pay Mrs P £150 as compensation in that regard.

Mrs P didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr M accepts my decision it is legally binding on both parties.

## **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.

In deciding this complaint I’ve taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs P and by Vanquis. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Mrs P says that she wasn't given sufficient information about how her loan agreement would work before it was taken out in June 2023. She says that had she been given that information she wouldn't have proceeded with her application or would have exercised her right to withdraw from the agreement within the statutory 14 day cooling off period.

I have asked Vanquis to provide me with extracts from its systems showing its communications with Mrs P. Whilst those extracts show she was sent a copy of the loan agreement for signing, they don't confirm that a final executed copy of the agreement was sent to her. That doesn't of course mean that didn't happen – and on balance I think it likely that it did – but I do not have sufficient evidence to reach a firm conclusion that the executed agreement was sent to Mrs P.

But I don't think that means Mrs P's complaint should be upheld. I am satisfied that she was sent a copy of the loan agreement for her signature. That copy clearly set out the amount Mrs P was borrowing, the interest she would be charged, and the repayments that she would need to make. And the agreement also provided information to Mrs P about her rights to withdraw from the agreement.

But if Mrs P was unhappy with the terms of the agreement I doubt she would have signed it. And I haven't seen anything that would make me think there was any change in her circumstances in the following 14 days that might have changed her views on the suitability of the loan for her needs. So I don't think any possible failures to send a copy of the agreement to Mrs P after it had been signed has caused her to act differently here.

I understand that Mrs P might have been surprised to see a balance of over £9,000 on her credit report when she had only borrowed £7,000 from Vanquis. But it would be very unusual for a loan agreement such as this to not require the payment of any interest. And it is common for lenders to add interest up front to the loan balance so consumers can get an accurate picture of what would be owed over the lifetime of the loan.

The loan agreement that Mrs P signed explained that to her. It said;

*Interest is charged at a flat rate, which means that we work out the amount of interest at the start of this agreement by applying the interest rate to the total amount of credit for the whole of the Term. The interest is included in the total amount payable as shown in paragraph 4.1.*

In my experience, a consumer is most concerned to ensure that the amount of their monthly repayment is affordable. That repayment is naturally made up of a combination of the loan capital and the interest that is being added. I haven't seen anything to persuade me that the information Vanquis gave to Mrs P was insufficient.

So taking all that into account I don't think that Mrs P's complaint about what happened when she took out the loan should be upheld. I cannot be sure that Vanquis sent her an executed copy of the agreement. But that copy would have simply contained the same information that Mrs P had seen minutes earlier when she signed the agreement. So even if she didn't receive the agreement after it had been signed I don't think it would have caused her to act any differently.

In early 2024 Mrs P asked Vanquis to send her a copy of her loan agreement. Vanquis failed to act on that request. I don't know why that was, since it seems to me that sending a copy of the agreement, that Vanquis clearly held since it supplied it to us, would have been a relatively simple task. So I do think Mrs P's complaint in that regard should be upheld.

But I don't think not having a copy of the agreement has caused the problems that Mrs P has now faced. Over the first seven months of the agreement Mrs P made the contractual repayments that she was required to make. And those contractual repayments wouldn't change over the lifetime of the agreement. So I am satisfied Mrs P knew they were due. On balance I don't think that Mrs P's failure to make her contractual repayments after December 2023 was because Vanquis hadn't sent her a copy of the credit agreement.

So I don't think Vanquis has acted unfairly in the debt collection activities it has commenced, including defaulting Mrs P's loan when she failed to make the contractual repayments.

But I accept that Vanquis' failure to send a copy of the agreement would have caused some inconvenience to Mrs P. So I think it right that Vanquis pays Mrs P some compensation in that regard. I think the sum of £150 recommended by the investigator is fair and reasonable in these circumstances.

I appreciate that this decision will be disappointing for Mrs P. But I am satisfied that any possible failures by Vanquis to send her some confirmatory information after she had signed the loan agreement wouldn't have caused her to lose out. So I think that Vanquis has acted fairly in the steps it has taken to enforce the credit agreement and the reporting it is now making to the credit reference agencies. But I don't think Vanquis treated Mrs P fairly when it failed to respond to her reasonable request for a copy of the agreement in early 2024.

### **Putting things right**

Vanquis should pay Mrs P £150 to reflect the inconvenience she has been caused by the lender failing to respond to her reasonable request for a copy of the credit agreement to be sent to her in early 2024.

### **My final decision**

My final decision is that I uphold part of Mrs P's complaint and direct Vanquis Bank Limited to put things right as detailed above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 29 November 2024.

Paul Reilly  
**Ombudsman**