

The complaint

Mrs and Mr B's complaint is, in essence, that Shawbrook Bank Limited (the 'Lender') acted unfairly and unreasonably by (1) being party to an unfair credit relationship with them under Section 140A of the Consumer Credit Act 1974 (as amended) (the 'CCA') and (2) deciding against paying a claim under Section 75 of the CCA.

What happened

The product at the centre of this complaint is their membership of a timeshare which I will refer to as the Fractional Club membership. This was purchased on 22 April 2018, and the cost was £9,987. However, according to records I've seen, Mrs and Mr B traded-in an existing timeshare product they already owned at the time, and they paid back the outstanding loan on the financing they'd previously had for this with a different finance company. So, in April 2018 they consolidated their borrowing with a total loan of £25,553 from Shawbrook Bank Limited to purchase a Fractional Club membership. This new loan was payable over 180 months at £295 per month, meaning the total amount to be paid for credit over the term was £53,148 (the APR¹ was 11.9%).

The Fractional Club membership was a type of product which meant it provided future holidaying rights at the Supplier's group of resorts, based on a points system. Mrs and Mr B bought 1,700 points. However, the Fractional Club membership was also asset backed, which meant it gave Mrs and Mr B more than just holidaying rights. It included a share in the net sale proceeds of an Allocated Property named on the Purchase Agreement after this membership term ended, which in this case was in 2032.

Mrs and Mr B – using a professional representative (the 'PR') – wrote to the Lender on 16 February 2023 (the 'Letter of Complaint') to raise a number of different concerns.

I issued a provisional decision (PD) about this case on 26 November 2025 in which I comprehensively set out my reasoning for not upholding the complaint. The PD invited the parties to respond with any further information or evidence they wanted to submit. Further to this, I issued a second communication (a 'side letter') to the parties on 22 December 2025 about commission. In this I said I wasn't persuaded that the commission arrangements between the Supplier and the Lender were likely to have led to a sufficiently extreme inequality of knowledge that rendered the credit relationship unfair to Mrs and Mr B.

I've had a response from Mrs and Mr B's PR which basically disagrees with my PD. I have read everything said on their behalf carefully. As I said before, my role as an Ombudsman is not to address every single point that has been made to date. Instead, it is to decide what is fair and reasonable in the circumstances of this complaint. I have already set out in the PD the legal and regulatory context in which I'm making my decision about this case. For further information, I have also considered the following:

¹ APR, or Annual Percentage Rate, is the yearly cost of a loan or credit, expressed as a percentage. It includes the interest rate plus any other mandatory fees, giving a more complete picture of the total cost of borrowing than the interest rate alone.

The Consumer Credit Sourcebook ('CONC') – Found in the Financial Conduct Authority's (the 'FCA') Handbook of Rules and Guidance

Below are the most relevant provisions and/or guidance as they were at the relevant time:

- CONC 3.7.3 [R]
- CONC 4.5.3 [R]
- CONC 4.5.2 [G]

The FCA's Principles

The rules on consumer credit sit alongside the wider obligations of firms, such as the Principles for Businesses ('PRIN'). Set out below are those that are most relevant to this complaint:

- Principle 6
- Principle 7
- Principle 8

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 done this, I am not upholding this complaint. This is my final decision.

Section 75 of the CCA: the Supplier's misrepresentations at the Time of Sale

The CCA introduced a regime of connected lender liability under section 75. This affords consumers ("debtors") a right of recourse against lenders which provided the finance for the acquisition of goods or services from third-party merchants ("suppliers") in the event that there is an actionable misrepresentation and/or breach of contract by the supplier.

Certain conditions must be met if the protection afforded to consumers is engaged, including, for instance, the cash price of the purchase and the nature of the arrangements between the parties involved in the transaction. The Lender doesn't dispute that the relevant conditions are met. But for reasons I'll come on to below, it isn't necessary to make any formal findings on them here.

It was said in the Letter of Complaint that Fractional Club membership had been misrepresented by the Supplier at the Time of Sale because Mrs and Mr B were:

1. Told that they had purchased an investment that would appreciate in value when that was not true.
2. Told that they would own a share in a property that would increase in value during the membership term when that was not true.
3. Told they could sell the timeshare back to the resort or easily sell it at a profit when that wasn't true.
4. Made to believe that they would have access to a specific apartment all around the year.

However, neither points 1 nor 2 strike me as misrepresentations even if such representations had been made by the Supplier (which I make no formal finding on). Telling prospective members that they were investing their money because they were buying a fraction or share of one of the Supplier's properties was not untrue. Even if the Supplier's sales representatives went further and suggested that the share in question would increase in value, perhaps considerably so, that sounds like nothing more than a honestly held opinion as there isn't enough evidence to persuade me that the relevant sales representative(s) said something that, while an opinion, amounted to a statement of fact that they did not hold or could not have reasonably have held.

As for points 3 and 4, while it's possible that Fractional Club membership was misrepresented at the Time of Sale for these reasons, I don't think it's probable. The contemporary documentation I've seen from the sale doesn't support that such misrepresentations would have been made. The allegations, as put by the PR, are also given none of the colour or context necessary to demonstrating that the Supplier made false statements of existing fact. So, since there are no other specific examples or supporting evidence on file to back up the suggestion that the membership was misrepresented in these ways, I don't think it was.

With all this in mind, whilst I recognise that Mrs and Mr B and the PR have concerns about the way in which Fractional Club membership was sold by the Supplier, when looking at the claim under Section 75 of the CCA, I can only consider whether there was a factual and material misrepresentation by the Supplier. For the reasons I've set out above, I'm not persuaded that there was. So, this means that I don't think that the Lender acted unreasonably or unfairly when it dealt with this particular Section 75 claim.

Section 140A of the CCA: did the Lender participate in an unfair credit relationship?

I've already explained why I'm not persuaded that Fractional Club membership was actionably misrepresented by the Supplier at the Time of Sale. But there are other aspects of the sales process that, being the subject of dissatisfaction, I must explore with Section 140A in mind if I'm to consider this complaint in full – which is what I've done next.

Having considered the entirety of the credit relationship between Mrs and Mr B and the Lender along with all of the circumstances of the complaint, I don't think the credit relationship between them was likely to have been rendered unfair for the purposes of Section 140A. When coming to that conclusion, and in carrying out my analysis, I have looked at:

1. The standard of the Supplier's commercial conduct – which includes its sales and marketing practices at the Time of Sale along with any relevant training material;
2. The provision of information by the Supplier at the Time of Sale, including the contractual documentation and disclaimers made by the Supplier;
3. The commission arrangements between the Lender and the Supplier at the Time of Sale and the disclosure of those arrangements;
4. Evidence provided by both parties on what was likely to have been said and/or done at the Time of Sale;
5. The inherent probabilities of the sale given its circumstances; and when relevant, any existing unfairness from a related credit agreement.
6. Any existing unfairness from a related credit agreement.

I have then considered the impact of these on the fairness of the credit relationship between Mrs and Mr B and the Lender.

The Supplier's sales & marketing practices at the Time of Sale

Mrs and Mr B's complaint about the Lender being party to an unfair credit relationship was made for several reasons.

The PR says, for instance, that the right checks weren't carried out before the Lender lent to Mrs and Mr B. I haven't seen anything to persuade me this was the case in this complaint given its circumstances. But even if I were to find that the Lender failed to do everything it should have when it agreed to lend (and I make no such finding), I would have to be satisfied that the money lent to Mrs and Mr B was actually unaffordable before also concluding that they lost out as a result and then consider whether the credit relationship with the Lender was unfair for this reason. Mrs and Mr B haven't expanded on why or how the lending was unaffordable and from the information provided, I am not satisfied that the lending was unaffordable for them.

Connected to this is the suggestion by the PR that the Credit Agreement was arranged by an unauthorised credit broker, the upshot of which is to suggest that the Lender wasn't permitted to enforce the Credit Agreement. However, it looks to me like Mrs and Mr B knew, amongst other things, how much they were borrowing and repaying each month, who they were borrowing from and that they were borrowing money to pay for Fractional Club membership. As that lending doesn't look like it was unaffordable for them, even if the Credit Agreement was arranged by a broker that didn't have the necessary permission to do so, I can't see why that led to them suffering a financial loss – such that I can say that the credit relationship in question was unfair as a result.

As I'll say more about later, Mrs and Mr B made a client personal statement which they ultimately added to their complaint sometime after it was originally made on their behalf. They say in this that they were subjected to pressure at the point-of-sale meeting. But it's not entirely clear whether they are referring to an earlier timeshare purchase they made, or the April 2018 sale this complaint refers to.

However, I don't think the evidence in this case is persuasive that they felt as if they had *no choice* but to purchase the membership, when they simply didn't want to. They were given a 14-day cooling off period and I note, for instance, that they both signed a declaration which was headed 'Right of Withdrawal' and which said, "*The consumer has the right to withdraw from this contract within 14 calendar days without giving any reason.*" Mrs and Mr B haven't provided a credible explanation – given they both signed this declaration - for why they did not cancel their membership during that time, if they had endured excessive pressure.

It was also said in the PR's Letter of Complaint that Mrs and Mr B were made "*to believe that they would have access to the holiday's [sic] apartment at all times around the year*". But as Mrs and Mr B make no specific or clear comments about this in their own client personal statement, it's not entirely clear whether the PR is saying they thought they would be able to stay at an Allocated Property whenever they wanted, or they thought the availability of general accommodation using their holiday points more broadly, was guaranteed.

In any event, I've seen no evidence they suffered booking problems with this Fractional Club membership, although I'm not helped by any meaningful explanation of what is really meant by this point of complaint. But I think it's reasonable for me to say that as complainants represented by a PR, the points of complaint ought to be succinct and clear in this respect. Notwithstanding this, the Lender says its investigations show that by purchasing this

Fractional membership Mrs and Mr B have since been able to take several holidays between 2018 and 2022.

I think it's also reasonable for me to say that like any holiday accommodation, availability was not unlimited given the higher demand at peak times, like school holidays for instance. Some of the sales paperwork Mrs and Mr B were given stated that the availability of holidays was subject to demand and so I find it unlikely that the Supplier would have made promises of the type suggested in the Letter of Complaint. Whilst I accept it's obviously possible that Mrs and Mr B may not have been able to take a certain holiday at a certain time, I have not seen anything to persuade me that this rendered the credit relationship with the Lender unfair.

Overall, therefore, I don't think that Mrs and Mr B's credit relationship with the Lender was rendered unfair to them under Section 140A for any of the reasons above. But there is another reason, perhaps the main reason, why the PR says the credit relationship with the Lender was unfair to them. And that's the suggestion that Fractional Club membership was marketed and sold to them as an investment in breach of the prohibition against selling timeshares in that way.

The Supplier's alleged breach of Regulation 14(3) of the Timeshare Regulations

The Lender does not dispute, and I am satisfied, that Mrs and Mr B's Fractional Club membership met the definition of a "timeshare contract" and was a "regulated contract" for the purposes of the Timeshare Regulations.

Regulation 14(3) of the Timeshare Regulations prohibited the Supplier from marketing or selling Fractional Club membership as an investment. This is what the provision said at the Time of Sale:

"A trader must not market or sell a proposed timeshare contract or long-term holiday product contract as an investment if the proposed contract would be a regulated contract."

The PR says that the Supplier did exactly this at the Time of Sale – saying, in summary, that Mrs and Mr B were told by the Supplier that Fractional Club membership was the type of investment that would only increase in value. Allegations of this nature are contained both within the PR's Letter of Complaint, and also the client personal statement evidently written by Mrs and Mr B – their opportunity to provide their own personalised version of what happened.

The term "investment" is not defined in the Timeshare Regulations. But for the purposes of this decision, and by reference to the decided authorities, an investment is a transaction in which money or other property is laid out in the expectation or hope of financial gain or profit.

A share in the Allocated Property clearly constituted an investment as it offered Mrs and Mr B the prospect of a financial return – whether or not, like all investments, that was more than what they first put into it. But it is important to note at this stage that the fact that Fractional Club membership included an investment element did not, itself, transgress the prohibition in Regulation 14(3). That provision prohibits the *marketing and selling* of a timeshare contract as an investment. It doesn't prohibit the mere existence of an investment element in a timeshare contract or prohibit the marketing and selling of such a timeshare contract *per se*.

In other words, the Timeshare Regulations did not ban products such as the Fractional Club. They just regulated how such products were marketed and sold.

To conclude, therefore, that Fractional membership was marketed or sold to Mrs and Mr B

as an investment in breach of Regulation 14(3), I have to be persuaded that it was more likely than not that the Supplier marketed and/or sold membership as an investment, i.e. told them or led them to believe that Fractional Club membership offered them the prospect of a financial gain (i.e., a profit) given the facts and circumstances of this complaint.

I am familiar with the documentation and processes used by the Supplier during these types of sale. There is competing evidence in this complaint as to whether Fractional Club membership was marketed and/or sold by the Supplier at the Time of Sale as an investment in breach of regulation 14(3) of the Timeshare Regulations.

On the one hand, it is clear that the Supplier made efforts to avoid specifically describing membership of the Fractional Club as an 'investment' or quantifying to prospective purchasers, such as Mrs and Mr B, the financial value of the share in the net sales proceeds of the Allocated Property along with the investment considerations, risks and rewards attached to them.

On the other hand, I acknowledge that the Supplier's sales process left open the possibility that the sales representative may have positioned Fractional Club membership as an investment. So, I accept that it's equally possible that Fractional Club membership was marketed and sold to Mrs and Mr B as an investment in breach of Regulation 14(3).

However, whether or not there was a breach of the relevant prohibition by the Supplier is not ultimately determinative of the outcome in this complaint for reasons I will come on to shortly. With that being the case, it's not necessary to make a formal finding on that particular issue for the purposes of this decision.

Was the credit relationship between the Lender and the Consumer rendered unfair?

Having said that it was possible that the Supplier breached Regulation 14(3) of the Timeshare Regulations at the Time of Sale, I now need to consider what impact that breach could have had on the fairness of the credit relationship between Mrs and Mr B and the Lender under the Credit Agreement and related Purchase Agreement as the case law on Section 140A makes it clear that regulatory breaches do not automatically create unfairness for the purposes of that provision. Such breaches and their consequences (if there are any) must be considered in the round, rather than in a narrow or technical way.

Indeed, it seems to me that, if I am to conclude that a breach of Regulation 14(3) led to a credit relationship between Mrs and Mr B and the Lender that was unfair and warranted relief as a result, then whether the Supplier's breach of Regulation 14(3) led them to enter into the Purchase Agreement and the Credit Agreement is an important consideration.

I've thought very carefully about what motivated Mrs and Mr B to purchase the Fractional Club membership, considering all of the available evidence. Having done so, I do not think the prospect of a financial gain from this April 2018 membership was an important and motivating factor when they decided to go ahead with this purchase.

I think it's first relevant to point out that their PR's Letter of Complaint was brought in February 2023. They later added a client personal statement describing their recollections of these events. However, I've noted this statement is undated and unsigned (other than Mrs and Mr B's names being typed at the bottom). I can also safely say this statement was submitted much later than the Letter of Complaint, and probably also after a response we received from the Lender, in September 2024. So, I think this statement Mrs and Mr B evidently wrote was made at least six years after the actual sale they're complaining about. In my view, this raises a risk of inaccuracy in their recollections due to the passage of time.

Also, although Mrs and Mr B's complaint is about an April 2018 purchase, they haven't explained anything about the existing timeshare contract they already had in place. In fact, the documentation I've seen shows they were existing members 'upgrading' and buying more points with greater 'high season' holidaying privileges. So, even though Mrs and Mr B's complaint doesn't make any reference to this earlier membership, I think knowing that they had an existing timeshare at that time is somewhat relevant to their overall circumstances.

As well as this previous membership description being missing from their original complaint, I'm not helped by the fact that Mrs and Mr B's later *statement* seems only to refer to a single sale event. There are no dates in their statement which help identify which sale they are referring to, so it's not clear if they are referring to the April 2018 sale, or the sale event before this.

Overall, insofar as any allegation of investment related marketing carried out by the Supplier during the April 2018 sale is concerned, the PR says that "*they were told they had purchased an investment which would appreciate in value.*" However, I've now seen a number of similar complaints to this from the same PR where such an identical allegation is made. And in Mrs and Mr B's case, there is no further or descriptive detail underpinning these allegations within the PR's Letter of Complaint.

Also, in their own statement, Mrs and Mr B themselves say that "*no specific value was given against the Fractional property*", so it's not clear to me that they could have placed any weight on 'investment' being a persuasive reason for going ahead with the purchase if they hadn't seen any figures. My view on this is strengthened by their comments about sales pressure, because if Mrs and Mr B really would have me believe that unpleasant pressure was a major feature of this sale, then I think it's also unlikely that they would have ever concluded that there was a genuine and credible investment or profit to be had in such dubious circumstances.

All these things make me approach Mrs and Mr B's statement with caution. In my view, the more persuasive scenario is shown by the wider circumstances and evidence in this case. These circumstances show that Mrs and Mr B had already entered the timeshare market, and I've explained why their allegation of pressure (which allegedly made them buy something they didn't want) isn't convincing. Their April 2018 purchase was described by the Lender as an upgrade from another product which had less holiday points, and they were now paying a significant amount of more money to buy the 'high season' timeshare entitlement. I think it's also reasonable to point out too that Mrs and Mr B provide information within their statement about the importance to them of holidays in general, and they describe their experience of 5-star holidays in the past which I think speaks to an emphasis they likely placed on what they thought was the ability to holiday in agreeable locations. This hope certainly isn't unreasonable, but I think these things all speak to their priorities and the importance they clearly place(d) on enjoying time together abroad.

Of course, I've considered that Mrs and Mr B say, "*we were led to believe that as part-owners of a property on conclusion of our contract[,] that property would then be sold, and we would have a return on our investment*". But whilst this mentions the word 'investment' this doesn't credibly show they were motivated by the hope or expectation of a profit at the point of this sale – in my view, it merely describes their understanding of how the Fractional Club membership worked. And as I've already explained, the fact that their membership *did include* an investment element didn't contravene the prohibition found in Regulation 14(3).

It therefore seems more likely to me that, given all these circumstances, Mrs and Mr B were predominantly motivated to make this purchase by the type of holidays provided by the Supplier. This is demonstrated by their progression through the timeshare products available

from the Supplier and their ongoing desire for good-standard holidays in the months and years ahead. I gather the purchase led to an increase in their existing holding from 1,040 points to 1,700. So, the increase in holiday rights wasn't inconsiderable and their booking history indicates that they took multiple holidays after they made this purchase.

This doesn't mean they weren't interested in a share in the Allocated Property. After all, that wouldn't be surprising given the nature of the product at the centre of this complaint. But I'm afraid Mrs and Mr B don't persuade me that their purchase was motivated by their share in the Allocated Property and the possibility of a profit.

So, with all this in mind, I do not think it was the prospect of a financial gain from Fractional Club membership, in this case realisable in 2032, which was an important and motivating factor when Mrs and Mr B decided to go ahead with their purchase in April 2018. I don't think the evidence supports this - I think the evidence is much more persuasive that they would have pressed ahead with their purchase whether or not there had been a breach of Regulation 14(3).

I therefore don't think a breach of Regulation 14(3) by the Supplier was likely to have been material to the decision Mrs and Mr B ultimately made. On this basis, I therefore don't think the credit relationship between Mrs and Mr B and Shawbrook Bank Limited was unfair.

The provision of information by the Supplier at the Time of Sale

Mrs and Mr B say they were not given sufficient information at the Time of Sale by the Supplier about some of the ongoing costs of Fractional Club membership. The PR also says that the contractual terms governing the ongoing costs of membership and the consequences of not meeting those costs were unfair contract terms.

As I've already indicated, the case law on Section 140A makes it clear that it does not automatically follow that regulatory breaches create unfairness for the purposes of the unfair relationship provisions. The extent to which such mistakes render a credit relationship unfair must also be determined according to their impact on the complainant.

I acknowledge that it is also possible that the Supplier did not give Mrs and Mr B sufficient information, in good time, on the various charges they could have been subject to as Fractional Club members in order to satisfy the requirements of Regulation 12 of the Timeshare Regulations (which was concerned with the provision of 'key information'). But even if that was the case, I cannot see that the ongoing costs of membership were applied unfairly in practice.

As for the PR's argument that there were one or more unfair contract terms in the Purchase Agreement, I can't see that any such terms were operated unfairly against Mrs and Mr B in practice, nor that any such terms led them to behave in a certain way to their detriment. So, with that being the case, I'm not persuaded that any of the terms governing Fractional Club membership are likely to have led to an unfairness that warrants a remedy.

Commission

As both sides already know, the Supreme Court handed down an important judgment on 1 August 2025 in a series of cases concerned with the issue of commission: *Johnson v FirstRand Bank Ltd*, *Wrench v FirstRand Bank Ltd* and *Hopcraft v Close Brothers Ltd* [2025] UKSC 33 ('*Hopcraft, Johnson and Wrench*').

The Supreme Court ruled that, in each of the three cases, the commission payments made to car dealers by lenders were legal, as claims for the tort of bribery, or the dishonest assistance of a breach of fiduciary duty, had to be predicated on the car dealer owing a fiduciary duty to the consumer, which the car dealers did not owe. A “disinterested duty”, as described in *Wood v Commercial First Business Ltd & ors and Business Mortgage Finance 4 plc v Pengelly* [2021] EWCA Civ 471, is not enough.

However, the Supreme Court held that the credit relationship between the lender and Mr Johnson was unfair under Section 140A of the CCA because of the commission paid by the lender to the car dealer. The main reasons for coming to that conclusion included, amongst other things, the following factors:

1. The size of the commission (as a percentage of the total credit charge). In Mr Johnson’s case it was 55%. This was “so high” and “a powerful indication that the relationship...was unfair” (see paragraph 327);
2. The failure to disclose the commission; and
3. The concealment of the commercial tie between the car dealer and the lender.

The Supreme Court also confirmed that the following factors, in what was a non-exhaustive list, will normally be relevant when assessing whether a credit relationship was/is unfair under Section 140A of the CCA:

1. The size of the commission as a proportion of the charge for credit;
2. The way in which commission is calculated (a discretionary commission arrangement, for example, may lead to higher interest rates);
3. The characteristics of the consumer;
4. The extent of any disclosure and the manner of that disclosure (which, insofar as Section 56 of the CCA is engaged, includes any disclosure by a supplier when acting as a broker); and
5. Compliance with the regulatory rules.

From my reading of the Supreme Court’s judgment in *Hopcraft, Johnson and Wrench*, it sets out principles which apply to credit brokers other than car dealer–credit brokers. So, when considering allegations of undisclosed payments of commission like the one in this complaint, *Hopcraft, Johnson and Wrench* is relevant law that I’m required to consider under Rule 3.6.4 of the Financial Conduct Authority’s Dispute Resolution Rules (‘DISP’).

But I don’t think *Hopcraft, Johnson and Wrench* assists Mrs and Mr B in arguing that a credit relationship with the Lender was unfair to them for reasons relating to commission given the facts and circumstances of this complaint.

I haven’t seen anything to suggest that the Lender and Supplier were tied to one another contractually or commercially in a way that wasn’t properly disclosed to Mrs and Mr B, nor have I seen anything that persuades me that the commission arrangement between them gave the Supplier a choice over the interest rate that led Mrs and Mr B into a credit agreement that cost disproportionately more than it otherwise could have.

In stark contrast to the facts of Mr Johnson’s case, the amount of commission paid by the Lender to the Supplier for arranging the Credit Agreement that Mrs and Mr B entered into wasn’t high. At £1,277.65, it was only 5% of the amount borrowed and even less than that (4.6%) as a proportion of the charge for credit. So, had they known at the Time of Sale that the Supplier was going to be paid a flat rate of commission at that level, I’m not persuaded

that they either wouldn't have understood that or would have otherwise questioned the size of the payment at that time. After all, Mrs and Mr B wanted Fractional Club membership and had no obvious means of their own to pay for it. And at such a low level, the impact of commission on the cost of the credit they needed for a timeshare they wanted doesn't strike me as disproportionate. So, I think they would still have taken out the loan to fund their purchase at the Time of Sale had the amount of commission been disclosed.

What's more, based on what I've seen so far, the Supplier's role as a credit broker wasn't a separate service and distinct from its role as the seller of timeshares. It was simply a means to an end in the Supplier's overall pursuit of a successful timeshare sale. I can't see that the Supplier gave an undertaking – either expressly or impliedly – to put to one side its commercial interests in pursuit of that goal when arranging the Credit Agreement. And as it wasn't acting as an agent of Mrs and Mr B but as the supplier of contractual rights they obtained under the Purchase Agreement, the transaction doesn't strike me as one with features that suggest the Supplier had an obligation of 'loyalty' to them when arranging the Credit Agreement and thus a fiduciary duty.

I don't consider it necessary for me to take into account any commission the Supplier might have paid to its sales representatives, or that this should be disclosed or factored into any calculation used to determine unfairness. Even if any such arrangement was in place (and I make no finding in this respect), its disclosure and/or payment would be further removed from any obligations the Supplier might have held, and be even less likely to have an impact on Mrs and Mr B's decision to enter into the Credit Agreement.

Overall, therefore, I'm not persuaded that the commission arrangements between the Supplier and the Lender were likely to have led to a sufficiently extreme inequality of knowledge that rendered the credit relationship unfair.

Commission: The Alternative Grounds of Complaint

While I've found that Mrs and Mr B's credit relationship with the Lender wasn't unfair for reasons relating to the commission arrangements, two of the grounds on which I came to that conclusion also constitute separate and freestanding complaints to Mrs and Mr B's complaint about an unfair credit relationship. So, for completeness, I've considered those grounds on that basis here.

The first ground relates to whether the Lender is liable for the dishonest assistance of a breach of fiduciary duty by the Supplier because it took a payment of commission from the Lender without telling Mrs and Mr B (i.e., secretly). And the second relates to the Lender's compliance with the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between them.

However, for the reasons I set out above, I'm not persuaded that the Supplier – when acting as credit broker – owed Mrs and Mr B a fiduciary duty. So, the remedies that might be available at law in relation to the payment of secret commission aren't, in my view, available. And while it's possible that the Lender failed to follow the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between it and the Supplier, I don't think any such failure on the Lender's part is itself a reason to uphold this complaint because, for the reasons I also set out above, I think they would still have taken out the loan to fund the purchase at the Time of Sale had there been more adequate disclosure of the commission arrangements that applied at that time.

Responses to my PD

I received a response to my PD but nothing regarding the later commission-related 'side letter'.

The PR has highlighted under Section 140B (9) of the CCA, the burden of proof falls on the Lender to disprove the allegation that its relationship with Mrs and Mr B was unfair. I agree that this is correct, placing a burden on lenders during the process of litigation. That does not mean, though, that the Lender – or I – should take a claim at face value. There remains an onus on Mrs and Mr B to provide some evidence for the claim they are making, despite the overall burden of proof resting with the Lender, as was set out in the judgment in *Smith and another v Royal Bank of Scotland plc* [2023] UKSC 34 at paragraph 40. I also remind both parties that it is my role to make findings on what I consider to be fair and reasonable in all the circumstances of any given complaint.

I'm also satisfied that, where appropriate, I have applied the law and the various rules correctly. I previously told both parties in my PD about the overall legal and regulatory context that I think is relevant to this complaint. The PR now objects to the approach I've taken, believing that I have detracted from the judgment in *Shawbrook & BPF v FOS*² and the case law that contributed to it, by requiring Mrs and Mr B to have been primarily or mainly motivated by the investment element in order to uphold the complaint. But I did not make such a finding. I basically said that, in my view, Mrs and Mr B were motivated by the holiday options offered by the Supplier – and this was a factor in my overall conclusion. In light of all the available evidence I said that they would, on balance, have pressed ahead with the purchase of the membership even if there had been a breach of Regulation 14(3). So, for the reasons I have already set out, I still do not think that any breach of Regulation 14(3), if indeed there was one, was material to Mrs and Mr B's decision to purchase this membership. The evidence is persuasive that they would have made the purchase, nonetheless.

Conclusion

I am very sorry to have to disappoint Mrs and Mr B. But as I have comprehensively explained, I do not think that the Lender acted unfairly or unreasonably when it dealt with the relevant Section 75 claim.

Also, I am not persuaded that the Lender was party to a credit relationship with Mrs and Mr B under the Credit Agreement that was unfair for the purposes of Section 140A of the CCA – nor do I see any other reason why it would be fair or reasonable to direct the Lender to compensate them.

My final decision

I do not uphold this complaint against Shawbrook Bank Limited.

I do not direct Shawbrook Bank Limited to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 17 February 2026.

Michael Campbell
Ombudsman

² *R (on the application of Shawbrook Bank Ltd) v Financial Ombudsman Service Ltd and R (on the application of Clydesdale Financial Services Ltd (t/a Barclays Partner Finance)) v Financial Ombudsman Service* [2023] EWHC 1069 (Admin) ('Shawbrook & BPF v FOS').