DRN-5159448

The complaint

Miss M complains about how Shawbrook Bank Limited ("Shawbrook") dealt with a finance agreement, following a claim made to them under section 75 of the Consumer Credit Act 1974 ("s75").

What happened

Miss M applied for a fixed sum loan agreement with Shawbrook in 2021 to potentially finance the installation of doors and windows with a supplier. She made a claim to Shawbrook under s75 because there were serious problems with the installation.

In May 2023, Shawbrook told Miss M her agreement had lapsed which meant they had no legal liability to assist her with her s75 claim. Miss M says Shawbrook said they wouldn't reinstate the agreement. In November 2023, Shawbrook contacted Miss M saying they had reinstated the agreement and then sent her two copies of this, which Miss M said wasn't explained to her. Shawbrook then told Miss M a new credit agreement had been signed, which shocked her as she hadn't signed anything.

Shawbrook then e-mailed two versions of the credit agreement to Miss M; one from the time of the original application in 2021 and the other dated November 2023. Shawbrook then contacted Miss M again saying that no funds had been sent to the supplier and their actions were to ensure there was a live agreement on record so that our service could investigate her s75 complaint.

Miss M was very distressed by Shawbrook's actions as she had no idea what was happening and felt they had acted fraudulently by setting up agreements without her knowledge. She was also upset that Shawbrook had previously told her they couldn't reinstate the finance agreement after it had lapsed.

Miss M complained to Shawbrook. They said, in response, that they closed her loan application in March 2023 and reinstated this in November 2023 to allow us to review her s75 complaint. Shawbrook offered Miss M £100 and apologised to her as they accepted they didn't tell Miss M what they were doing and why.

Miss M remained unhappy and referred her complaint to our service. One of our investigators looked at what happened and felt Shawbrook's offer of £100 was fair.

Miss M didn't agree and so her complaint 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.

I should start by saying that one of our ombudsmen issued a final decision relating to the s75 claim in 2024, although Miss M decided not to accept this. The ombudsman stated in her decision that she wouldn't be considering how Shawbrook handled the re-activation of the loan agreement. That is the complaint I am now deciding. I won't therefore be re-considering the complaint about the s75 claim relating to the problems with the installation of the doors and windows. That matter has already been investigated and decided by the previous ombudsman.

I'm very sorry to hear that Miss M has been so distressed by what's happened. I would like to thank her for explaining how this has affected her.

I understand how confusing and concerning it was for Miss M to have firstly been told the loan agreement couldn't be reactivated, only then to receive several copies of different loan agreements with different dates. Not only that, Miss M hadn't signed anything to agree to new loan agreements being drafted and completed.

I do think though that Shawbrook's actions were founded in ensuring that her s75 complaint could be considered by our service. I say this because the loan agreement that Miss M signed in 2021 wasn't officially activated as the loan proceeds hadn't been drawn down and sent to the supplier because of the problems Miss M was having with the supplier.

Clearly, Shawbrook didn't tell Miss M what they were doing and why, and that wasn't fair to her. Miss M was already upset because of the problems she'd had with the installation of the doors and windows. So, Shawbrook certainly didn't help matters. From what I can tell though, they never intended on reactivating the agreement in the sense that it became live. Shawbrook reactivated the loan application to show it had been executed to assist us with our previous investigation.

I appreciate this is a subtle difference, but I think what Shawbrook did by reinstating the application to enable our service to investigate the s75 complaint was different from them saying to Miss M previously that they wouldn't reactivate the agreement to make it live (because it had lapsed).

Again, Shawbrook really should have explained this to Miss M. And it's clear they didn't. As the agreement isn't live, and Miss M hasn't been asked to pay anything to Shawbrook in respect of goods and services she purchased, she hasn't suffered any financial losses. But she has been distressed by Shawbrook's actions and so it's right that compensation is payable to recognise this.

I realise Miss M feels £100 doesn't fairly reflect the impact this matter has had on her. But I don't think this is an unreasonable offer overall for how Shawbrook handled things, which I must again stress is a separate issue to the s75 complaint Miss M made.

My final decision

Shawbrook Bank Limited has already made an offer to pay £100 to settle the complaint and I think the offer is fair in all the circumstances.

So, my decision is that Shawbrook Bank Limited should pay Miss M £100, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss M to accept or reject my decision before 28 August 2025.

Daniel Picken
Ombudsman