

## **The complaint**

This complaint is about a second charge consolidation loan Miss P took out on the advice and recommendation of Loan.co.uk Ltd.

The essence of the complaint is that instead of arranging for all of Miss P's credit card debts to be repaid, Loan.co.uk Ltd arranged for a fixed payment loan (from a provider I'll call "A") to be repaid, leaving one of the credit cards (from a provider I'll call "M") running. Miss P says she's no better off financially than she was before, and as a result, she believes the consolidation loan was mis-sold.

## **What happened**

The above summary is in my own words. The basic background to this complaint is well known to both parties so I won't repeat the details here. Instead I'll focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Briefly, our investigator didn't think Loans.co.uk Ltd had done enough to support Miss P's understanding that the loan had been brought into the consolidation instead of the credit card with M. Overall, however, he considered the recommendation to be suitable for Miss P, because it should have reduced her monthly outgoings substantially. He also thought that if Loans.co.uk Ltd had explained more clearly what it was doing, and why, Miss P would in all likelihood still have gone ahead with the consolidation loan.

Miss P has asked for the complaint to be reviewed by an ombudsman.

## **What I've decided – and why**

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, what follows are the conclusions I've reached, and the reasons for them. I agree with our investigator that Loans.co.uk Ltd could have made it clearer to Miss P that for the loan to proceed, it was necessary to substitute the loan from A in place of the credit card from M in the consolidation. Very simply, without that, the application would not have met the lender's affordability criteria, and the loan would not have proceeded.

Even with the substitution, the consolidation loan should have led to a significant reduction in Miss P's regular outgoings, which was a key objective for her approaching Loans.co.uk Ltd in the first place. I appreciate her preference was to clear all of her credit balances, but on balance, I think it more likely than not that Miss P would still have proceeded as she did if Loans.co.uk Ltd had done more to ensure she understood that the loan with A would be repaid instead of the credit card with M.

The main reason for my reaching that conclusion is that, all other things being equal, Miss P's monthly cashflow should still have shown a significant improvement from taking the consolidation loan than from not taking it. If that hasn't happened, it seems to me that it's more likely than not the result of events and circumstances since the consolidation, rather than from any lack of suitability in the advice given by Loans.co.uk Ltd.

Miss P has said Loans.co.uk Ltd should have instead suggested negotiating reduced payments with her creditors. But that's something I'd only expect to come into discussion if the consumer is experiencing financial difficulties. There's no indication that was the case for Miss P when she approached the business for advice and a recommendation.

Loans.co.uk Ltd offered Miss P compensation of £150 as a goodwill gesture. For the shortcomings in its communication, I think that's fair, but for the reasons I've set out, no further redress is warranted.

### **My final decision**

My final decision is that this complaint should fairly be settled by Loans.co.uk Ltd paying Miss P £150 as already offered. I make no other order or award.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 4 March 2025.

Jeff Parrington  
**Ombudsman**