

The complaint

This complaint is about a loan that Mr L and Miss M hold with Elderbridge Limited. The essence of the complaint is that Mr L and Miss M believe Elderbridge has illegally charged interest on their loan balance, which they did not know about. As far as they are concerned, they've repaid the loan, but Elderbridge is telling them they still owe over £25,000 in historic interest.

What happened

The broad circumstances of this complaint are known to all parties. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr L and Miss M being identified.

Instead I'll give a summary of the key events, rounding the figures as appropriate, and then 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.

Mr L and Miss M took the loan out in 2007, originally with a lender I'll call F. The events giving rise to the complaint began in 2012, at which time, the loan had experienced significant arrears. F took a business decision to "suspend" the loan interest; that is, separate the interest accrued up to that point and place it in a separate account that thereafter remained static.

From that point, all of the payments Mr L and Miss M made each month directly reduced the outstanding capital. The loan was transferred to Elderbridge in 2016. The annual statement for 2019, and these thereafter, showed the capital balance reducing each year; they also made reference to the suspended interest.

The capital was cleared in full in February 2024, and Mr L and Miss M say they thought that was the end of the loan, and that the charge over their property would be released. However, Elderbridge told them that they still needed to clear the suspended interest. Mr L and Miss M thinks that's unfair and illegal.

Our investigator didn't think that we could consider the greater part of the complaint. He said that a complaint about the decision to suspend interest in 2012 was outside the time limits in our rules. But he also said that we could consider whether, under s140A of the Consumer Credit Act 1974, there had been an unfair relationship between F (latterly Elderbridge) and Mr L and Miss M.

The investigator didn't think the *decision* to suspend interest was a problem; not least because it benefitted Mr L and Miss M. He thought the failure to *tell* Mr L and Miss M about the suspended interest before 2019 created an unfair relationship. Overall, though, he didn't think this had caused them any detriment. The investigator noted that after they were made aware (in 2019 by letter and in 2020 by phone), Mr L and Miss M didn't take any action to

address the suspended interest. He thought it likely the same would have applied if they'd been made aware sooner.

Mr L and Miss M asked for the complaint to be reviewed by an ombudsman. The investigator asked them to confirm which aspects of his view they disagreed, but they haven't said.

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 so, what follows are my conclusions and the reasons for them.

The decision to suspend interest was beneficial to Mr L and Miss M. If it hadn't happened, their loan would have continued to accrue compound interest on not just the capital but the interest already accrued. All of that was avoided, and as a result everything Mr L and Miss M paid into the loan thereafter went towards repaying the core debt.

Not telling them about the suspension of interest sooner wasn't fair in itself. To determine whether an unfair action (or omission, as here) has created an unfair relationship I must consider the following. Firstly, has the act or omission that created and/or perpetuated the unfairness stopped? Here, that happened in 2019 when the annual statement was issued drawing Mr L and Miss M's attention to the suspended interest. The second thing that I need to consider is what detriment has been caused, if any, by that act or omission.

In this case, the potential for detriment arises from Mr L and Miss M being unaware of the suspended interest and therefore not having the opportunity to do anything about it. The question for me to consider there is; if Mr L and Miss M had known about the suspended interest earlier than 2019, what would they have done differently? Deciding a question like that is not an exact science; all I have to go on is what Mr L and Miss M *did* do, after they *did* find out.

Sadly, that's not helpful in their case because the unavoidable fact is that they didn't do anything to address the suspended interest after they found out about it. They've not said anything about why that was, and haven't given me any reason to think they'd have acted differently if they'd found out sooner.

Putting all of that together, and my conclusion is that whilst I'm persuaded the lender ought to have done more to bring the suspended interest balance to Mr L and Miss M's attention sooner, I don't think that has created an unfair relationship that's led to any detriment in this particular case.

My final decision

My final decision is that I don't uphold this complaint or make any order or award against Elderbridge Limited.

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 Mr L and Miss M to accept or reject my decision before 17 March 2025.

Jeff Parrington

Ombudsman