

The complaint

Mr R complains about the amount that he's been charged by Amplifi Capital (U.K.) Limited, trading as My Community Finance, to settle a loan agreement.

What happened

My Community Finance lent £15,000 to Mr R under a fixed sum loan agreement that he entered into in December 2023. The duration of the loan was 60 months, the simple interest rate was 21.57% (and the APR was 23.84%), the total interest payable on the loan was £10,121.93 and Mr R agreed to make a payment of £476.34, 58 monthly payments of £410.62 and a final payment of an amount to be calculated to My Community Finance.

Mr R asked My Community Finance for an early settlement figure in July 2024 and it said that the amount required to settle the loan was £14,698.05. Mr R complained to My Community Finance that the settlement figure was too high but he paid that amount to My Community Finance later in July 2024 to settle the loan.

It responded to his complaint in September 2024 but didn't uphold it. It said that the principal amount due at that time was £14,269.95 and the early repayment amount was calculated to be £428.10 which brought the settlement figure to £14,698.05. Mr R wasn't satisfied with its response so complained to this service. He says that he was unaware that there was an early repayment fee and was not told about it when communicating with My Community Finance. He also says that he's not happy about his emails being ignored.

Mr R's complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld as he didn't think that My Community Finance had done anything wrong. Mr R hasn't accepted the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He says that it seems that the settlement figure was up for negotiation and he didn't even realise that My Community Finance had charged him an early repayment fee until it responded to his complaint.

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.

Mr R had agreed that My Community Finance would lend him £15,000 on the terms set out in the loan agreement. The loan agreement clearly showed that the total amount payable by him under the loan agreement was £25,121.93 and he agreed to make a payment of £476.34, 58 monthly payments of £410.62 and a final payment to My Community Finance.

The terms and conditions of the loan agreement say:

"You may repay early in full or in part any amount owed under this Agreement (Early Repayment Amount) ... For early repayments, My Community Bank will charge an administration fee equal to the lower of:

(a) 60 days interest on the Early Repayment Amount and

(b) an amount which, when added to interest already paid on the loan, shall be equal to an interest rate of 3 per cent per month on the daily balance from the date that the loan was advanced until the Early Repayment Date".

Mr R asked My Community Finance for an early settlement figure in July 2024. He says that he received a settlement figure of £14,871.49 but, after speaking with My Community Finance, the settlement figure was reworked to £14,698.05. He says that he sent an email to My Community Finance stating that he thought that the figure was too high as he'd paid £2,529.44 in interest on a loan of £15,000 for seven months but his email was ignored.

The loan was for 60 months. At the start of the loan, when the amount of capital outstanding was highest, the interest payable on that amount would also be highest so the proportion of each monthly payment that was payable for interest would be high and only a small amount of the monthly payment would be used to repay the loan. As the loan continued, the amount of capital outstanding would decrease each month so the interest payable on the outstanding amount would also decrease and a higher proportion of each monthly payment would be allocated to capital repayment.

I've listened to the call that Mr R made to My Community Finance in July 2024 and it's not clear why he'd received a settlement figure of £14,871.49 but he was clearly told on the call that the settlement figure was £14,698.05. My Community Finance didn't explain to him at that time that it included an early repayment amount of £428.10 but he'd agreed that it would charge him an early repayment amount in the terms and conditions of the loan agreement. I'm not persuaded that there's enough evidence to show that My Community Finance calculated the early settlement figure incorrectly or that it was too high.

Mr R also says that he's not happy about his emails being ignored. I can see that he sent an email to My Community Finance after the call that he'd made to it but it said in its final response letter to him that it had been unable to locate that email and it asked him to tell it which email address it was sent to. Mr R sent another email to My Community Finance about a week after his first email which it treated as a complaint and it sent its final response to that complaint to Mr R in September 2024.

I'm not persuaded that there's enough evidence to show that My Community Finance has acted incorrectly in its dealings with Mr R about the early settlement of his loan. I find that it wouldn't be fair or reasonable in these circumstances for me to require My Community Finance to refund to Mr R any of the amount that he paid to settle the loan in July 2024, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 April 2025.

Jarrold Hastings
Ombudsman