

The complaint

Mr M is unhappy that RPM (Pawnbrokers) Limited provided loans to him when he was struggling financially and with how RPM administered those loans.

What happened

Mr M took a series of pawnbroker loans from RPM over a 26-month period. However, in July 2024, Mr M raised a complaint with RPM through this service as he was unhappy that RPM had provided the loans to him and with several aspects of how the loans had been administered by RPM.

RPM responded to Mr M but didn't feel that they'd done anything wrong by providing the loans to him or in how they had administered the loans. Mr M wasn't satisfied with RPM's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that RPM had acted unfairly towards Mr M as he contended and didn't uphold the complaint. Mr M remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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 M has said that he feels that RPM shouldn't have provided the loans to him because they should have known that he was in financial difficulty and that he was in the process of being scammed into sending money overseas.

If Mr M had obtained loans from a bank, for instance, then I would agree that the bank had a responsibility to have undertaken checks on Mr M's financial position before providing the loans to him, to be confident that Mr M could afford the loans he was applying for.

However, loans obtained from pawnbrokers don't have the same regulatory requirements as loans obtained from banks. This is because when a loan is provided by a pawnbroker, the person requesting the loan provides an item of value to the pawnbroker, which in and of itself is deemed to be a sufficient indicator of the applicant's ability to afford the loan.

In this instance, it's my understanding that Mr M pledged items of jewellery which covered the value of the loans that he obtained. In the manner that I've explained above, I feel that this confirmed that Mr M could afford the loans he was requesting, because if he failed to repay the loans RPM held the items of value provided by Mr M that they could sell to recover the money that Mr M owed to them. And as I've mentioned, there was no requirement on RPM to undertake any form of financial check on Mr M, other than confirming that the value of the items that he provided to them as pledges would be sufficient to repay the loans if the items had to be sold, before providing the loans to him.

Furthermore, upon review, I don't feel that RPM have acted unfairly towards Mr M in how

they administered the loans they provided. This is because I'm satisfied that RPM maintained clear and appropriate records about the loans and maintained Mr M's pledged items without incident while they were in RPM's possession, such that Mr M has had no issue in recovering the jewellery that he pledged upon his settlement of the loans.

Mr M has said that RPM allowed him to pledge more items of jewellery than they initially told him that their own rules stipulated that he could pledge, and that RPM gave him a less favourable rate of interest when he did so.

However, RPM have provided information and testimony to this service which I feel confirms that while they did initially place restrictions on Mr M's account, that these restrictions were reviewed and relaxed after Mr M had been their customer for a while and had repaid the initial loans he took with them without any apparent problem. This seems reasonable to me, and I feel that RPM demonstrated good practice by developing a working relationship with Mr M before being willing to provide a larger line of credit to him.

I've also reviewed the loans that RPM provided to Mr M and haven't found any instance of Mr M being lent money by RPM at a higher rate of interest because of a larger loan value as Mr M has suggested. Indeed, the only time that I can see that RPM provided higher rates of interest to Mr M was after July 2023, when RPM increased the rates of interest that they offered to all customers. And I don't feel that RPM increasing the rates of interest they offered to Mr M in line with a company-wide increase in interest rates was unfair.

Mr M has also said that RPM lent money to him at times when they should have known that he was in the process of being scammed, and that RPMs staff were rude and condescending towards him.

RPM don't accept Mr M's position and note that they stopped providing new loans to Mr M when it became apparent that he might be in the process of being scammed. Indeed, RPM maintain that it was through their prompting that Mr M approached the police about the possibility that he was being scammed, after which time it was confirmed to Mr M that he was being scammed.

RPM have also provided a detailed testimony about the relationship they held with Mr M, including that Mr M became their customer because he was dissatisfied with the service provided by another pawnbroker and that Mr M expressed his satisfaction with RPMs service on several occasions. And RPM dispute Mr M's claim that any of their staff were ever rude or condescending towards Mr M.

Upon consideration, I find RPMs testimony and actions to be largely persuasive here. This is because I feel that RPM did demonstrably act to prevent Mr M obtaining further loans when they became aware that he might be in the process of being scammed. Additionally, given that it appears that Mr M did initially engage with RPM because he was dissatisfied with the service provided by another pawnbroker, I feel that if Mr M had been dissatisfied with RPMs service, for instance if their staff were rude towards him, that he would most likely have taken his business elsewhere, which he did not.

All of which means that I won't be upholding this complaint against RPM or instructing them to take any further or alternative action. This is because I don't feel RPM did act unfairly towards Mr M as he contends. I realise this won't be the outcome Mr M was wanting, but I hope that he understands, given what I've explained, why I've made the final decision I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 April 2025.

Paul Cooper
Ombudsman