

The complaint

Mr P complains about fees Allegiant Finance Services Limited charged him after a lender settled an unaffordable lending complaint.

What happened

In October 2020, Mr P asked Allegiant to represent him in relation to a mis-sale claim. This was against a loan provider, who I'll call B. Mr P felt B had lent to him irresponsibly. Mr P signed Allegiant's letter of authority. This agreed to Allegiant acting on his behalf, in return for a fee, if the claim was successful. The terms said Allegiant would charge '30% inclusive of VAT of any cash in hand you receive.'

The Terms of Engagement agreed to by Mr P included the following:

3. Your commitments to us

3.2 You agree that we are appointed as your exclusive representative for the purpose of delivering the claims management service, meaning that at no time during the terms of engagement will you (i) have an ongoing contract with another representative relating to the claim; or (ii) attempt to pursue the claim yourself without cancellation (see Section 5).

3.8 You agree to inform us immediately should a respondent contact you directly to discuss a claim or make a payment to you directly

5. Cancellation rights

5.2 After the expiry of the 14 day cooling off period, you may ask us to cancel the claims management service. There is no cancellation charge but a success fee may be payable:

- If there has been no settlement proposal(s) prior to cancellation, no success fee will be due; or*

- If there has been settlement proposal(s) but no acceptance prior to cancellation, the success fee will apply to the lowest of:*

(a) the settlement proposal with the highest compensation received prior to cancellation; or

(b) the compensation that you achieve independently of us

After receiving the signed forms, Allegiant contacted B to make the claim.

In December 2023 B accepted Mr P's claim and agreed to pay Mr P £78.92 in settlement of the matter. Mr P didn't inform Allegiant about this offer. Mr P challenged B directly instead about the amount it had offered. Mr P cancelled his contract with Allegiant in May 2024.

Allegiant was informed by B in June 2024 of the offer made to Mr P in December 2023. Allegiant invoiced Mr P for its work. This invoice was for £23.68 based on Allegiant's offer for £78.92. Allegiant received payment of this invoice in August 2024.

In January 2025 Allegiant received confirmation that Mr P had received £1,140.13 in settlement of his claim against B, and that this had been paid to Mr P in August 2024. Allegiant sent Mr P its outstanding invoice for £318.25.

Mr P considered Allegiant's actions to be unreasonable. Mr P said Allegiant hadn't done any work on his claim and its fee was unjustified. Mr P said he had directly challenged B's offer in December 2023, and it was his actions which had led to B increasing its offer. Mr P raised a complaint with Allegiant about the additional fee he was being charged.

Allegiant responded and maintained its position, and said the money was due, and it'd acted in line with the terms and conditions agreed to by Mr P. Mr P remained unhappy, and he referred his complaint to this Service for an independent review.

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, I've decided not to uphold the complaint. I understand Mr P will be disappointed by this but I'll explain why I have made this decision.

Firstly, I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

When Mr P instructed Allegiant to pursue his claim against B in October 2020, he agreed to the terms and conditions set out in the Terms of Engagement. The terms and conditions set out the cost of Allegiant's service. I'm satisfied that Allegiant provided Mr P with clear information about the fee it would charge for a successful claim.

Mr P says that he shouldn't have to pay Allegiant's full fee because he challenged B's offer directly with B, without Allegiant being involved. I've carefully considered Mr P's comments alongside what has happened on this claim. It's not disputed that Mr P challenged B's offer directly with B. I recognise and accept that Mr P did this himself.

However, it's also accepted that Mr P didn't notify Allegiant of the offer received from B in December 2023- despite the terms and conditions requiring Mr P to contact Allegiant '*should a respondent contact you directly to discuss a claim or make a payment to you directly.*' Allegiant only found out some six months later in June 2024 when informed by B itself. So, although I accept Mr P's point about Allegiant not taking any action on the claim to challenge B's offer, equally, Allegiant wasn't made aware of this offer until Mr P had already taken it upon himself to challenge the offer with B directly.

I also note that Mr P didn't let Allegiant know that he wanted to cancel its service until May 2024. By this time, he'd already contacted B to challenge its offer and was aware that B was reviewing his claim. The terms and conditions also specify that '*at no time during the terms of engagement will you (i) have an ongoing contract with another representative relating to the claim; or (ii) attempt to pursue the claim yourself without cancellation (see Section 5).*' By contacting B without cancelling his contract with Allegiant, it was reasonable for Allegiant to continue with the claim on the understanding that it was still acting for Mr P.

Mr P has referred to the cancellation terms which say that '*a success fee may be payable:*

- *If there has been no settlement proposal(s) prior to cancellation, no success fee will be due; or*
- *If there has been settlement proposal(s) but no acceptance prior to cancellation, the success fee will apply to the lowest of:*
 - (a) the settlement proposal with the highest compensation received prior to cancellation; or*
 - (b) the compensation that you achieve independently of us'*

Mr P says as he cancelled his agreement in May 2024, before B increased its offer of compensation in August 2024, he should only be liable to pay Allegiant's fee on the first offer of compensation made in December 2023, which he has already done. Mr P says he hadn't accepted B's offer of December 2023, so should only be liable to pay '*the settlement proposal with the highest compensation received prior to cancellation*', in line with the cancellation terms.

I've carefully considered Mr P's comments. And I accept that as far as Mr P was concerned, he hadn't accepted B's offer of December 2023, as he'd challenged this with B himself. Although I take the point about the cancellation terms supporting what Mr P has explained, I think it's also reasonable to consider what Allegiant understood from Mr P's actions at the time, and how the terms and conditions should reasonably be applied based on what Allegiant had been told.

At the time of cancelling his agreement with Allegiant in May 2024, Mr P didn't make Allegiant aware of the offer he'd received from B, or that he'd challenged this directly with B. As far as Allegiant was concerned, the fee it had charged was in settlement of the offer Mr P had accepted from B. Allegiant had no reason to believe that this offer hadn't been accepted, or that Mr P thought more compensation was due to him. So, when thinking about the cancellation terms, I don't think it's reasonable to say that on the facts of this case, there had '*been settlement proposal(s) but no acceptance prior to cancellation.*' Allegiant understood Mr P had accepted B's offer of December 2023. So, I'm not persuaded these terms apply in the way Mr P has described.

Instead, I think it's reasonable to say that the terms required Mr P to let Allegiant know if he wanted to cancel his agreement with it, and to do this before taking it on himself to deal with the claim. This is typical in contracts like Mr P's as it ensures a consumer lets their representative know that the contract is being cancelled, and for a representative to no longer be involved with the claim. Here, although Mr P dealt with B himself, he did so with the knowledge that Allegiant was still instructed on the claim. And Allegiant had no reason to think that it was no longer representing Mr P.

I appreciate Mr P received an offer from B directly. And I accept that Allegiant wasn't likely involved in B's decision to pay Mr P additional redress. But equally at the time of Mr P challenging B's decision, Allegiant remained Mr P's representative. So, he could've asked Allegiant to do this work for him. And if he didn't want Allegiant to remain engaged with the claim, he ought to have cancelled his agreement at the time. From looking at the timeline of events, he didn't do this until several months after contacting B himself.

Mr P authorised Allegiant to act on his behalf in making the mis-sold loan claim. Allegiant made it reasonably clear to Mr P that there would be a fee payable if the claim was

successful. Mr P agreed to this condition. Mr P didn't cancel his agreement with Allegiant before dealing with the claim himself. Allegiant acted reasonably in asking for its fees to be paid in line with the terms agreed to by Mr P.

I know my answer will be disappointing to Mr P, but having considered all his points, I haven't found reason to uphold this complaint.

My final decision

For the reasons I've explained, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 July 2025.

Neeta Karelia
Ombudsman