

## **The complaint**

Mr R complains that Premium Credit Limited didn't carry out affordability checks in relation to a credit agreement for a course. Mr R also complains that he didn't know he was entering into a credit agreement and is unhappy he is being held liable for fees for the course.

Mr R is being represented in his complaint, but for ease of reference I'll mainly refer to Mr R throughout my decision.

## **What happened**

In November 2022, Mr R enrolled on a training course with a company I'll call 'L'. The cost of the course was around £660, and L arranged for Mr R to pay for this over two years using a running account credit facility with Premium Credit Limited ("PCL").

Unfortunately, Mr R struggled with the course content and says he only accessed the course material for around two hours in total. In 2024, Mr R noticed he was paying around £27 a month for the course and complained to first L, and then PCL, as he thought the course was government funded and therefore free. Mr R also complained that he didn't know he had entered a credit agreement with PCL and felt this had been agreed without due consideration of his personal and financial circumstances at the time.

PCL didn't uphold the complaint. They said they carried out reasonable and proportionate affordability checks to ensure Mr R could afford to repay the borrowing with them. PCL also said Mr R was given the correct information to make him aware he was entering a credit agreement with them. And they said Mr R owed £213.70 to L as the credit agreement had been cancelled in June 2024 when Mr R stopped paying towards it.

Mr R remained unhappy and referred his complaint to our service. Our investigator didn't recommend that it should be upheld. He felt PCL carried out reasonable and proportionate affordability checks for Mr R's application. And he thought it would have been clear to Mr R that he was entering a credit agreement with them.

Mr R didn't agree and so his complaint has been passed to me for a 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.

I'd firstly like to say how sorry I am to hear that this issue has caused Mr R such distress. He has been very open about his personal and financial situation, and I would like to thank him for this, as it helps me understand the impact this issue has had on him.

I'll deal with each of Mr R's complaint points in turn.

#### *Awareness of the credit agreement with PCL*

Mr R says he wasn't aware he had entered a credit agreement with PCL, and this wasn't made clear to him when he enrolled on the course with L.

PCL has provided a screenshot showing an example of an application for credit at an early stage on L's website. I will send Mr R a copy of this with my decision, but I won't show it in my decision as it identifies L (who is a third party) and this decision will be published.

I have no reason to doubt the screenshot is an authentic representation of the website and the application process. On the balance of probabilities, I'm satisfied this is what Mr R would have seen at the time.

The screenshot shows the logo of PCL and L and is titled 'Billing Details/Review'. At the top of the screenshot, the course chosen by a customer is displayed, with a summary of the cost. It then presents customers with two options – one to pay in full and the other to 'spread the cost' with either seven or 24 monthly payments. If you click on this second option, you're then shown a screen saying this option is being provided by PCL. It also shows how much you'd pay each month, a one-time facility fee, a transaction fee and the total cost of credit including the APR. And below this, a statement saying, 'credit is subject to status and affordability'.

Following this, if you then click 'continue' you're taken to a further screen which sets out a small section saying, '*The 24 month payment loan is provided by Premium Credit Limited*'. The screen also has a statement saying '*By clicking pay now and continue, you will be directed to Premium Credit Limited agreement and you will enter your direct debit details*'.

I think the screenshot provided by PCL made it clear this was an application for credit. And I've seen a copy of the agreement which was e-signed by Mr R, which on balance I think occurred once he clicked on the 'pay now and continue' button. I cannot definitively say this is what happened. But on the balance of probabilities (which I think is fair and reasonable way of resolving disputes where the facts are uncertain), I think it is more likely than not. I note also that I've seen a copy of a letter addressed to Mr R by PCL on 25 November 2022 which confirms he signed a credit agreement to finance the course with L along with details of the monthly payments he needed to pay. So, I think overall PCL made it clear to Mr R, through L, that he was entering a credit agreement with them. And I've not seen enough evidence to show the course was marketed as government funded or free.

#### *Affordability of the credit agreement*

PCL needed to make sure it didn't lend irresponsibly. In practice, what this means is PCL needed to carry out proportionate checks to understand whether Mr R could afford to repay the borrowing before agreeing to provide it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, or the amount lent was high. And a lender would need to appropriately consider what information they obtained from their checks.

Mr R was required to pay around £27 each month for two years, after an initial payment of around £32. So, PCL was required to understand whether he could repay this for that period.

PCL said they carried out a credit check for Mr R which they say didn't flag up any concerns, such as County Court Judgments. However, they no longer have a copy of the report they conducted at the time Mr R applied. This does present some difficulties in determining whether PCL carried out proportionate checks and then made a fair lending decision based on that, as I haven't been able to see what checks they did and what that showed them (and whether further checks should have been carried out as a result). However, the proposed repayments were very low, and I haven't seen enough evidence there were concerning signs that Mr R was overindebted or was in danger of becoming overindebted. Mr R says he had a loan with another company at the time of the application with PCL, which defaulted. Mr R hasn't though been able to provide evidence of the default relating to this, so it's difficult for me to conclude that PCL saw this and inappropriately ignored or disregarded this.

I accept it's likely, although I can't be certain, that PCL might have reached a different conclusion on whether to give Mr R the loan had they seen his bank statements. But I haven't been persuaded bearing in mind the information I've seen that reasonable and proportionate checks would have extended into PCL obtaining Mr R's bank statements.

I've also considered that Mr R says he didn't have the mental capacity to enter into the agreement or the course. I am sorry to hear that. But, as the application was made online, I don't think L or PCL could have realised this when he applied for the credit with them. And Mr R was given 14 days to cancel his enrolment with L (and the linked credit agreement with PCL), when he enrolled, if he didn't on reflection wish to go ahead with this.

Overall, although this is very finely balanced, I've not been persuaded that PCL made an unfair lending decision.

#### *What is still owed and to whom*

I understand that L is holding Mr R liable for £213.70 in relation to the course. I do think it hasn't been made clear to Mr R who is holding him liable, bearing in mind he took out a credit agreement with PCL to pay for the course. My understanding is, although PCL can correct me on this (and should do if I'm wrong), when Mr R cancelled his payments to PCL, the outstanding amount owed under it essentially transferred back to L. That would explain why L has asked a debt collection company to contact Mr R about this. As this is something that L appears to be undertaking, I won't be able to find PCL liable for any actions taken by L or the company it has appointed.

I've also considered that Mr R didn't access much of the course with L. This wasn't something commented on by our investigator but for the sake of giving Mr R a full answer to his complaint, I will provide my thoughts on this. I can understand why he feels it's unfair to pay the total course cost when he barely accessed it. However, looking at L's website, it does explain that the onus is on the enrolees to contact their tutors if they're not accessing the course for any reason. I do appreciate that Mr R may not have felt capable or well enough to do that. But I'm afraid that doesn't mean that L (or PCL) did anything wrong because of this.

## *Summary*

Overall, and for the reasons I've given above, I haven't been persuaded that PCL acted unfairly or unreasonably towards Mr R. As part of that, I've also considered whether the lending relationship between PCL and Mr R might have been unfair to Mr R under section 140A of the Consumer Credit Act 1974. However, for reasons I've explained, I'm not persuaded that PCL irresponsibly lent to Mr R or treated him unfairly bearing in mind all the circumstances, And I haven't seen anything to suggest that section 140A of the Consumer Credit Act 1974 or anything else would, given the facts of the complaint, lead to a different outcome here.

I'm sorry to disappoint Mr R. But my final decision is that I don't uphold his complaint.

## **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 December 2025.

Daniel Picken  
**Ombudsman**