

The complaint

Miss C is unhappy with several aspects of how 1Plus1 Loans Limited ("1P1") have administered a loan held in her name.

What happened

In 2019, Miss C successfully applied for a guarantor loan with a loan provider, whom I'll refer to as 'X'. The terms of the loan included that Miss C borrowed £5,000 with a loan term of 60 months and an interest rate of 49.9%. These terms meant that Miss C was required to make monthly payments of £197.62 and would repay £11,934.14 over the 60-month loan term.

In 2023, X went into administration. As part of the administration process, X assigned all of its outstanding loans, including Miss C's, to 1P1. This meant that 1P1 became the legal owners of the loan, which they were obliged to administer under the original loan terms that Miss C had agreed with X when she took the loan in 2019.

Following the assignment of the loan to 1P1, Miss C missed several loan payments, and her loan was defaulted by 1P1 as a result. Miss C wasn't happy about this or with several other aspects of how 1P1 had administered her account, and so she raised a complaint with 1P1. This complaint included the following points of dissatisfaction:

1. Miss C felt that she didn't owe 1P1 any money because she hadn't taken a loan with them, she had taken it with X.
2. Miss C was unhappy that she hadn't received any communication from 1P1 advising her that loan payments had been missed and that her loan was in arrears.
3. Miss C was unhappy that her loan had been defaulted by 1P1 and that the default had been reported to her credit file.
4. Miss C was unhappy that 1P1 had contacted her guarantor about the position of the loan.
5. Miss C felt that 1P1 had given her inaccurate information about the balance outstanding on the loan.

1P1 responded to Miss C's complaint but didn't feel that they'd done anything wrong in how they'd administered the loan or in how they'd communicated with Miss C or her guarantor. Miss C wasn't satisfied with 1P1's response and felt that 1P1 had adversely changed the terms of the loan agreement she'd agreed with X. So, she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that 1P1 had acted unfairly towards Miss C and felt that they had administered Miss C's loan in line with the terms of the original loan agreement. Miss C 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.

Having done so, I won't be upholding this complaint. This is because I'm satisfied that the loan was assigned to 1P1 following X entering administration such that it is fair that Miss C does now owe the money that she previously owed to X under the loan agreement to 1P1.

Furthermore, I'm satisfied that, since being assigned Miss C's loan, 1P1 have administered that loan fairly and in accordance with the terms of the original loan agreement, including that they defaulted the loan for non-payment and in how they've communicated with Miss C and her guarantor.

Miss C has said that she feels that she doesn't owe any money to 1P1, because she never entered into a loan agreement with them. Instead, Miss C feels that her obligation to repay the loan ended when X went into administration. However, it's a common industry practice for outstanding loans to be reassigned to a different loan administrator if the original loan provider enters administration. And I note that 1P1 sent a Notice of Assignment to Miss C on 24 February 2023 – to the address that Miss C has provided to this service as being her address – which clearly explained that Miss C's loan had been assigned to them.

Miss C feels that since being assigned the loan, that 1P1 have adversely changed the terms of the loan agreement. But I haven't seen any evidence of this, and I'm satisfied that 1P1 have been administering the loan in accordance with the terms that Miss C initially agreed with X. This includes the interest rate of 49.9%. In recent correspondence with this service, Miss C has said that she feels she has been treated unfairly because of this interest rate. But given that I'm satisfied that 1P1 have applied interest to Miss C's loan at the 49.9% rate that she initially agreed with X in 2019, I don't feel that 1P1 have applied interest to the loan either incorrectly or unfairly.

Miss C has also expressed dissatisfaction about late payment charges that 1P1 applied to her loan. But such late payment charges are in accordance with the terms of the loan that Miss C initially agreed with X, which included that: *"We will charge you the sum of £12 on each occasion you fail to make a repayment to cover out reasonable administration costs"*. I'm therefore satisfied that 1P1 haven't treated Miss C unfairly by applying those late payment charges to her loan.

Miss C is also unhappy that one of 1P1's agents gave her incorrect information about the balance outstanding on her loan. It appears upon review that this wasn't the case, and that 1P1's agent did provide Miss C with the correct balance outstanding of £2,375.01. However, if Miss C was incorrectly told that her balance outstanding was exactly £2,300, as she contends, then I feel that the impact of that potential misinformation would have been both minimal and temporary given that the correct outstanding balance was explained to Miss C in subsequent communication by 1P1, and therefore wouldn't be something that I would feel fairly required any further action from 1P1.

Miss C has explained that she wasn't aware that she had missed payments towards her loan, and she's unhappy that 1P1 didn't contact her and inform her that payments had been missed. Additionally, Miss C feels that 1P1 defaulted her loan unfairly, at a time when only three loan payments had been missed, none of which 1P1 had told Miss C about.

The Information Commissioner's Office ("ICO") issues guidance about how it expects loan providers to administer loans that fall into arrears, and this guidance includes that a loan should be defaulted no sooner than after it has fallen three months into arrears and no later than after it has fallen six months into arrears. In this instance, 1P1 defaulted Miss C's loan after it had fallen three months into arrears, and so I'm satisfied that 1P1 have acted in accordance with the relevant industry guidance.

Additionally, while Miss C has said that she didn't receive any communication from 1P1 about the missed payments on her loan, 1P1 have explained to my satisfaction that they did send several items of communication about those missed payments to her. These include seven text messages, four emails, and three letters (including a default notice) issued to Miss C between the dates of 11 March and 31 May 2024, all of which were sent to the mobile phone number, email address, and postal address that Miss C has provided to this service as being hers. And because of this, I feel that it's most likely that Miss C did receive some or all the correspondence that 1P1 issued to her.

Furthermore, as the account holder, it was Miss C's responsibility to have ensured that the contractual loan payments were being made, and to have been aware if any payments were missed. And Miss C's responsibility to have understood the position of her loan existed regardless of whether she was receiving any correspondence or communication from 1P1 or not. Accordingly, if Miss C wasn't aware that her loan was in arrears because loan payments had been missed, then I feel that it's Miss C herself who must be considered as being ultimately responsible for that lack of awareness.

As the administrator of Miss C's loan, 1P1 have a regulatory obligation to accurately report how Miss C has managed her loan to the credit reference agencies ("CRAs"). Miss C is unhappy that 1P1 have reported the defaulting of her account to the CRAs. But given that I'm satisfied that 1P1 defaulted the loan fairly, after a reasonable amount of time and after a default notice had been issued to Miss C, it follows that I'm also satisfied that 1P1 haven't acted unfairly by reporting the missed payments and the consequent default to the CRAs.

Finally, Miss C is unhappy that 1P1 contacted her guarantor about the position of the loan. But Miss C's loan is a guarantor loan, and 1P1, as the administrator of the loan, have an obligation to inform the guarantor that the loan has been defaulted and that legal action could be entered into to recover the outstanding loan balance that could impact the guarantor. Accordingly, I don't feel that 1P1 have acted unfairly or unreasonably in this regard.

All of which means that I won't be upholding this loan or instructing 1P1 to take any further or alternative action here. To confirm, this is because I'm satisfied that the loan was assigned to 1P1 and that 1P1 have administered the loan in accordance with the original loan agreement since the loan was assigned to them. I realise this won't be the outcome Miss C was wanting, but I hope that she'll understand, given all that I've explained, why I've made the final decision that 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 Miss C to accept or reject my decision before 2 July 2025.

Paul Cooper
Ombudsman