

The complaint

Mr B complains about the interest he's been charged on a loan with Marks and Spencer Financial Services Plc trading as M&S Bank.

What happened

On 18 April 2024 Mr B entered into a fixed sum loan agreement with M&S Bank. The loan was for £15,750 over a term of 60 months with an initial repayment of £305.22 followed by 59 monthly repayments of £304.74. The total amount repayable was £18,284.88.

After paying the loan for around 10 months Mr B asked M&S Bank for a settlement figure. He says that he was given a settlement figure of around £14,000 even though he'd already made repayments totalling around £3050.00.

Mr B contacted M&S Bank several times asking for a breakdown of the settlement figure and was given conflicting information about whether or not this could be provided.

Ultimately Mr B raised a complaint with M&S Bank. In its final response, M&S Bank explained that the loan interest was front loaded which meant that the repayments paid off a larger portion of interest at the start of the loan. M&S said it wasn't possible to provide a breakdown of each instalment and said that Mr B had been given incorrect information about this when he called previously. It offered compensation of £25 by way of apology for the incorrect information.

Mr B remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint in part. He said he hadn't seen anything to suggest that the loan settlement figure was incorrect but said that M&S should've provided Mr B with a breakdown of how much of his monthly payments were going towards interest and how much to capital. The investigator said that M&S Bank should provide this and pay a further sum of £50 to Mr B for the inconvenience caused.

Mr B didn't agree so I've been asked to review the 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.

I know it will disappoint Mr B but I agree with the investigators opinion. I'll explain why.

I've reviewed the loan agreement. This sets out all the key features of the loan, including the loan amount of £15,750, the APR of 8.2% and the total amount repayable (with interest) of £18,284.88.

The agreement contains information about how repayments will be allocated. At page 7 (point 4) it states:

“Your monthly repayments will pay off the sum of interest and the loan amount in different proportions each month. Towards the start of your loan, your monthly payments will pay off more interest, and towards the end of the loan they will pay off more of the loan amount”

Based on what I've seen, I'm satisfied that the agreement was clear about the key features of the loan and about the fact that the interest was front loaded.

I've reviewed the settlement figure that was provided to Mr B (which he has subsequently paid) and I haven't seen anything to suggest that the figure is incorrect.

I appreciate that Mr B feels very strongly about this. He's said that he thinks paying in excess of £100 per month in interest is excessive and not what he agreed. As I've said above, I'm satisfied that the agreement was clear, and that the settlement figure was correct. However, I agree with the investigator that M&S Bank should have been able to provide Mr B with information showing how much of his monthly payment was going towards interest and how much was going towards capital. The agreement states that Mr B is entitled to request this and I'm of the view that M&S Bank should now provide it. The failure to provide it up to now has caused Mr B distress and inconvenience, for which I think M&S Bank should pay a further £50 compensation (in addition to the sums already paid).

I'm therefore upholding the company in part. Marks and Spencer Financial Services Plc trading as M&S Bank must provide Mr B with a breakdown showing how much of his monthly payment went towards interest and capital (for the period from the inception of the loan until early settlement). It must also pay a further £50 compensation.

My final decision

I uphold the complaint in part. Marks and Spencer Financial Services Plc trading as M&S Bank must provide Mr B with a breakdown showing how much of his monthly payment went towards interest and capital (for the period from the inception of the loan until early settlement). It must also pay a further £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 July 2025.

Emma Davy
Ombudsman