

The complaint

Mr V complains that he was misadvised about being able to adjust the APR on a loan from Salary Finance Limited.

What happened

In April 2024 Mr V applied for a loan from Salary Finance.

During the application process Mr V experienced an issue with the loan application not progressing past a certain page. Salary Finance advised Mr V to switch to another device which resolved the issue. Following this, Mr V queried why the APR had increased from 16% to 30%. Salary Finance advised Mr V that the APR rate shown was part of his pre-approval and advised him to continue with his application. Salary Finance advised Mr V that if he was unhappy with the APR after receiving the loan agreement, he could contact them for a manual review.

Mr V tried to have the APR reduced but was advised that this wasn't possible. He complained to Salary Finance.

Salary Finance issued a final response in which it acknowledged that its communication could've been clearer. It said that the advice that the APR could be changed after receiving the loan agreement was inaccurate and that it should have specified that any review must occur before entering bank details in the application. Salary Finance said it had offered Mr V the opportunity to withdraw from the loan but due to Mr V having already used the funds for debt consolidation this wasn't feasible. It apologised for any inconvenience caused to Mr V.

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

Our investigator upheld the complaint. He said that although he couldn't require Salary Finance to honour a specific APR, he was satisfied that Salary Finance had provided Mr V with incorrect advice, and he thought it was fair that compensation of £50 should be paid to Mr V for the distress and inconvenience caused by the error.

Salary Finance accepted the investigators opinion, but Mr V didn't agree. He said he'd had loans from Salary Finance in the past and the APR had never been this high. He said that because of the additional cost of the loan over 36 months he didn't think £50 was fair compensation.

Because Mr V didn't agree 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 that it will disappoint Mr V, but I agree with the investigators opinion. I'll explain why.

There's no dispute that Salary Finance made an error when it advised Mr V that the APR

could be reviewed after the loan had been opened.

Salary Finance has acknowledged that it provided incorrect advice to Mr V, and it has apologised for any inconvenience caused to him.

I've listened to the call between Salary Finance and Mr V. The agent advised Mr V that the APR could be reviewed once the loan agreement was active,

It's important to note that Salary Finance didn't guarantee that the APR would be adjusted downwards. The agent just said it could be reviewed. If Salary Finance had been able to review the APR after the loan was open, it's possible that it could have been reviewed and left at the same rate. So, I don't think I can fairly require Salary Finance to adjust the APR to a specific rate now.

I can see that Salary Finance gave Mr V the opportunity to withdraw from the loan once the error was identified. But Mr V had already used the money to consolidate other debts so he couldn't withdraw.

I agree with the investigator that Salary Finance need to do more to resolve the complaint by paying compensation for the distress and inconvenience caused to Mr V. And I think the sum of £50 is fair. Mr V has said that the loan will cost him much more over 36 months than he thought it would, and that the APR is higher than other loans he's had from Salary Finance in the past. I understand Mr V's disappointment but as I've said above, there was no guarantee that he would've been offered a lower APR even if Salary Finance had reviewed the rate.

Putting things right

To put things right Salary Finance Limited must pay compensation of £50 to Mr V.

My final decision

My final decision is that I uphold the complaint. Salary Finance Limited must pay compensation of £50 to Mr V

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 21 August 2025.

Emma Davy
Ombudsman