

The complaint

Mr B complains about Valour Finance Limited trading as Savvy.co.uk (“Valour”). He says the credit agreement doesn’t adequately explain that extra interest that will be charged should he wish to settle the loan early. Had Mr B been aware that extra interest would be charged on early settlement he wouldn’t have taken the loan.

What happened

The issues Mr B has experienced are related to a £900 instalment loan which he took out in October 2024. Mr B was contracted to make 10 monthly repayments of £180. In March 2025 he requested to settle the loan early and learned of the extra 28 days’ worth of interest which is added to the settlement figure.

Following a complaint, Mr B received a final response letter from Valour in May 2025, where it explained how the early settlement figure would be calculated. Unhappy with this response, Mr B referred the complaint to the Financial Ombudsman where it was reviewed by an Investigator.

The Investigator didn’t uphold Mr B’s complaint saying he would’ve paid a smaller amount of overall interest by settling the loan early and the terms and conditions set out the details of the early repayment charges and rebates that may be applicable. Mr B didn’t agree with the outcome, and I’ve summarised his responses below.

- There is no mention of additional 28 days’ worth of interest being charged to settle the loan early.
- There should be specific mention of the 28 days interest and Valour should provide an example – Mr B says his mortgage paperwork provides a worked example.
- Mr B has said the lack of training by the call agent may have the effect of putting people off from settling the loan early.

As no agreement could be reached the complaint has been passed to me to decide.

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.

The first place to start is to see what the credit agreement Mr B signed sets out. In my view the credit agreement does set out that the loan can be settled early and that any rebate due will be calculated using the Consumer Credit (Early Settlement) Regulations 2004 – this is the correct regulation to use. I don’t think there is anything inherently wrong with what the credit agreement says.

The Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007 sets out that Valour must let a consumer know that they can settle the loan early – which it has done.

So, the credit agreement does lay out Mr B's right to settle early – if he wishes to do so he would need to contact Valour and the early settlement payment would need to be made within 28 days of the notice. It's worth saying here that Valour is entitled to add an additional 28 days worth of interest and charges – to any settlement balance.

I appreciate that the agreement may not provide the level of detail Mr B would like – such as setting out a workable example of the early settlement calculation or is overtly clear that an additional 28 days' worth of interest would be included in the figure. But the agreement does nonetheless tell Mr B that he can settle the loan early and how he can go about obtaining a figure.

This is what I would expect Valour to set out and so I can't say an error has been made with the way the figure was calculated nor with how Valour explains one will be calculated especially as the calculation is using the correct piece of regulation which allows for loans less than one year to have a further 28 days of interest added to it.

Mr B also said when he tried to settle the loan early, he owed £492.94 and he would have to pay an additional £74. Which – with the early settlement payment was the amount Valour said Mr B would need to pay. But it's worth saying here that at the time of the early settlement Mr B had an outstanding balance of £720. This was due to Mr B still having four monthly payments of £180 left to pay. So, settling early would've led to a significant interest saving for him.

In addition, the industry regulator has set a cap for the maximum amount of interest, fees and charges that can be applied to this type of loan. In this case, a £900 loan could potentially lead to a maximum amount being repaid of £1,800. I've not seen anything to make me think Valour has breached the cap.

I've also listened to the telephone call between Mr B and Valour's agent. The agent explains that Mr B would need to repay around £566 and this will include an additional 28 days of interest – as permitted by the regulations. The call agent doesn't provide any factually incorrect information about the settlement.

I can't make a finding on how other people may interpret how the agent explained the settlement merely that what he said was factually correct.

I'm not persuaded that had Valour set out to Mr B that an additional 28 days of interest would need to be paid to settle the loan early that Mr B wouldn't have taken the loan on – indeed the wording that explains all of this is set out in the credit agreement that would likely be received after the loan was funded. If Mr B had any concerns about it at the time the loan was granted, he could've withdrawn from the agreement within 14 days.

Overall, Valour hasn't made an error with how it explained the early settlement figure or with the rebate calculation. As such I can't uphold Mr B's complaint.

My final decision

So, for the reasons I've explained above, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 February 2026.

Robert Walker
Ombudsman

