

The complaint

Mr C has complained that Tandem Bank Limited “Tandem” provided incorrect information relating to the interest applicable to his loan account.

What happened

Mr C bought a solar panel system (the system) for his home which was installed in 2024. Mr C paid for the system using a fixed sum loan agreement with Tandem. The cash price of the system was £14,752 and after a deposit of £100, the credit amount was £14,652. Mr C’s loan term was 63 months, but payments were deferred for the first few months, and he needed to make 60 payments of just under £330. The loan was due to begin in October 2024, and payments were due to commence in February 2025.

Mr C called Tandem twice in October 2024 and was informed on the first occasion that interest would accrue during the deferral period, but he was unable to pay the loan off during this first call as the loan had not yet gone live. Mr C then called again a few days later and he was told that interest wouldn’t accrue during the deferral period.

Mr C says he wanted to pay the loan off as soon as possible to avoid paying interest on it. He says he was incorrectly told that interest wouldn’t accrue during a deferral period. In January 2025, when Mr C tried to redeem the loan before the deferral period ended, he was informed he’d have to pay just over £500 in interest.

Mr C paid off the loan at this time but complained to Tandem that he relied on the incorrect information given to him. He says had he been correctly told that interest would accrue, then he would have paid the loan off as soon as it went live to avoid paying any interest.

Tandem reviewed the complaint and upheld it. It says that while it agreed he was given incorrect information on the second call, he’d made an earlier call and he was told the interest would accrue. The loan terms also made it clear interest would accrue. But due to the error made, it paid him £50 compensation.

Unhappy, Mr C referred the complaint to our service. Mr C’s complaint was considered by one of our investigators who felt that Tandem should cover 50% of the interest Mr C had had to pay. He said that while Tandem had incorrectly told Mr C on a second call that interest wouldn’t accrue, Mr C had been informed earlier that interest would accrue – which was in line with the terms he was given. So, he felt both parties should share the cost of the interest accrued. Tandem agreed to pay Mr C an additional £234.45 (on top of the £50 already paid), in recognition of the poor handling of its call. But Mr C didn’t agree.

He felt that as a financial business, Tandem should have given him clear information and it’s the incorrect information given that directly led to him delaying the repayment of the loan. So, he didn’t think it was fair for him to bear 50% of the costs. He also felt that as Tandem had made a mistake – he was entitled to some compensation, but he would forgo that, if Tandem would offer to cover the full interest amount.

Our investigator asked Tandem to consider Mr C's request, but it refused to increase the offer. Our investigator explained that he'd already considered the compensation element of Mr C's claim but felt overall a payment of £284.45 (including the £50 already paid), was a fair way to put matters right.

As the complaint couldn't be resolved by our investigator, I've been asked to make 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.

Firstly, I'd like to reassure both parties that I've thought carefully about everything both parties have provided, but for much the same reasons as our investigator, I don't intend to award any more compensation than Tandem has now offered. I'll explain why.

Evidence

I've reviewed the evidence both parties have provided including copies of the calls Mr C made to Tandem as well as the credit agreement.

1. The credit agreement sets out the following:

The duration or term of the agreement is 63 months.

*The interest rate of your agreement is fixed at 11.296% per annum for the **duration of the agreement** and interest is calculated on a daily basis on the balance of credit outstanding (and on any fees, excluding default fees, which have fallen due but have not been paid).*

So, I think it's clear that contractually, interest does accrue throughout the full 63 – month duration of the credit agreement, which includes the deferral period.

But I appreciate Mr C says he didn't think it was clear to him whether interest would be charged so he called to check. I listened to a call recording of the call Mr C made to Tandem on 11 October 2024.

2. Call from 11 October 2024

In that call, Mr C explicitly asks if interest will be "*accruing daily*" during the deferral period. And the advisor confirmed that interest will accrue during the deferral period. Mr C then goes on to say that, if he was to pay off the loan in *two months* (which is within the deferral period) then he'd incur some interest charges. The advisor confirmed that this was "*correct*".

Mr C goes on to ask if "*that's absolutely the case*"? And the advisor confirms that to be the case.

Mr C then discusses his wish to redeem the loan to avoid interest and the advisor informed him that the loan hasn't yet gone live, but Mr C could pay the retailer directly and then they could cancel the loan. But Mr C says he would prefer to wait for the loan to go live and then redeem it. He says he will call in next week and pay it off on "Monday or Tuesday" and pay whatever "*nominal interest*" had accrued on it,

This call shows that it was made abundantly clear to Mr C that interest would accrue during the deferral period and he seemed to have checked his understanding and left the call fully

aware that interest would accrue during the deferral period. This is also in line with the credit agreement he signed and had access to.

3. Call from 14 October 2024

Mr C called again on 14 October 2024 to see if the loan had gone live and whether he could redeem the loan. At this point he asks again if interest will accrue during the deferral period and the advisor *does* incorrectly inform him that interest won't accrue until payments are due which is in February 2025. Mr C does not go on to question the caller about this information and the call ends because the loan had not yet gone live.

My understanding is that the loan went live on 16 October 2024, and Mr C didn't contact Tandem again until January 2025 to ask for a settlement figure. He redeemed the loan at this time.

I've considered carefully what both Tandem and Mr C have said but I don't agree that Tandem should cover the full cost of the interest Mr C was eventually charged. The credit agreement does make it clear that interest will accrue during the deferral period and the call from 11 October 2024 was extremely clear in informing Mr C that interest will accrue during the deferral period.

Mr C was given a clear and unambiguous answer in his first call, which was correct - I note he was given the wrong answer in his second call, but I can't see Mr C challenged this further knowing he'd been given a different answer only a few days earlier. At no point during the call on 14 October 2024 did he mention to the advisor that he'd called in earlier and been told the opposite and that interest would accrue.

Given how clear the earlier call was, and the depth of understanding Mr C showed, I don't think it was reasonable for Mr C to rely on the information given on the second call. I think if there was any confusion created by the second call, Mr C ought to have discussed this further with the advisor and asked for help clarifying the matter bearing in mind he'd been given contradictory information just a few days earlier. This would have cleared things up for him. Even where businesses make errors we would expect consumers to mitigate their losses.

Overall, I think that Tandem did enough to make Mr C aware that interest would accrue during the deferral period. And if the call on 14 October 2024 caused any genuine confusion, given Mr C's earlier interactions with Tandem, the clarity of the credit agreement, and Mr C's understanding of the issue at that time, I think it would have been reasonable for Mr C to have asked the advisor to check the information he was being given to clarify the confusion and mitigate any potential impact.

Bearing the above in mind, I think while Tandem's advisor did act incorrectly, based on the available evidence, I'm not persuaded that it's fair for Tandem to bear the full cost of the interest accrued. So as recommended by the investigator, I think both parties sharing the cost of the interest is a fair way to put matters right and I don't order Tandem to pay any more than it has now offered. As set out by our investigator given the circumstances of this case, I don't believe any further award for trouble and upset is warranted.

I appreciate Mr C is likely to be disappointed with my findings, but I think given the clarity of the information he was given prior to the call on the 14 October 2024, and Mr C's understanding of the information given, I don't think I could fairly conclude that Tandem should bear the costs of interest in full or that further compensation is warranted.

Putting things right

- Tandem must pay Mr C £234.45

My final decision

For the reasons I've explained, I uphold this complaint in part. Tandem Bank Limited must put matters right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 October 2025.

Asma Begum
Ombudsman