DRN-5787485

The complaint

Miss F complains that Clydesdale Financial Services Limited trading as Barclays Partner Finance ("BPF") misadvised her about the Buy Now Pay Later ("BNPL") aspect of a loan agreement she took out with them.

What happened

On 19 November 2022, Miss F took out a fixed sum loan agreement with BPF to pay for the supply and installation of a bathroom. The terms of the agreement included a BNPL aspect, whereby Miss F wouldn't pay any interest if she repaid the loan within 12 months from the date BPF paid the retailer.

Miss F complained to BPF in October 2024. She said they'd applied interest to the loan despite her speaking to BPF in June 2024 where she'd been assured this wouldn't happen.

BPF upheld Miss F's complaint in part. They said they'd listened to the call between Miss F and BPF's adviser in June 2024, where Miss F had asked whether she could pay one monthly instalment in July 2024 and then pay the rest of the balance off in the following month. BPF said their adviser should have told Miss F that she was liable to pay interest once she had gone over the BNPL deferral period. BPF offered Miss F £50 for the inconvenience she'd been caused.

Miss F wasn't happy with BPF's response and referred her complaint to our service. Our investigator agreed that BPF's adviser should have explained that interest would be charged but felt BPF was entitled to apply the interest despite this. She recommended that BPF increase their offer of compensation for inconvenience caused to Miss F to £125.

Miss F didn't agree with our investigator's view and so her 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.

Miss F's complaint relates to a fixed sum loan agreement with BPF. Our service can consider complaints about these types of agreements.

The key part of this complaint is the telephone conversation between Miss F and BPF in June 2024, which I will come on to a bit later in my decision. I have though also considered BPF's actions in respect of the BNPL element of the loan agreement overall.

As a starting point, I'm satisfied that BPF was entitled to apply interest to the agreement if Miss F didn't repay the loan within 12 months from the date they paid the retailer. The agreement clearly and prominently set this out.

From what I can tell, the BNPL period ended on 11 July 2024. BPF was under a duty to send a reminder to Miss F prior to then, about the financial consequences of not paying the loan in full. The Financial Conduct Authority's Handbook says, at CONC 6.7.16A, that lenders such as BPF must provide timely and clear reminders to consumers about the terms of their BNPL purchases. This is to ensure that consumers lessen the risk that they inadvertently miss the deadline and become liable to pay a significant amount of interest.

I've seen a copy of a reminder letter that BPF sent to Miss F on 14 June 2024 which explained what she needed to do to avoid interest being applied from 11 July 2024. So, I'm satisfied that BPF complied with the regulatory requirements under CONC 6.7.16A.

As I've mentioned above, the key part of this complaint is the telephone conversation Miss F had with BPF in June 2024. I've listened to a recording of this conversation. Miss F starts by saying that she wanted to check whether she would be penalised for interest, if she were to pay one monthly payment in July 2024 and then repay the rest of what was owed in the following month. The adviser then asked Miss F for some account details and some security questions, which Miss F provided, and which took around two minutes to complete. The adviser then asked Miss F whether she wanted to pay off the whole balance. Miss F said she didn't and said she wanted to make one payment and then pay the balance off in one go after that but wanted to check there were no fees for doing so. The adviser took this to mean that Miss F was just asking whether she could do this, and told Miss F this was possible. Unfortunately, the adviser in my view had forgotten that Miss F had started the conversation by asking whether she would be penalised by having interest added.

Having carefully considered the contents of the call recording, I think what happened was that the adviser technically was correct in saying that Miss F could do what she had asked to do, but she should have recalled that this was in relation to how interest could and would be applied to the loan in the context of the end of the BNPL period. That said, I think the way Miss F framed the request after she had passed security wasn't as clearly set out as it had been when she first spoke to the adviser. I think what then happened was an unfortunate misunderstanding by BPF's adviser rather than a clear error made by her.

I would add also that I've seen a copy of the account statement for the loan agreement which shows that Miss F didn't repay the loan account in August 2024, which was what she had said she intended to do in the conversation with BPF's adviser. So, this does place some doubt in my mind that Miss F would have avoided the full interest being applied to the loan anyway.

Overall, I find that Miss F was caused inconvenience by how BPF handled her requests for information about the BNPL period. But, for the reasons I've set out above. I don't find that BPF should waive or refund the interest that was then applied.

As Miss F was caused inconvenience, I find that BPF should pay compensation to her for this. I think a total overall payment of £125 is fair in the circumstances.

Putting things right

BPF should pay Miss F £125 for the inconvenience she was caused by how BPF handled her request for information about the BNPL aspect of her loan agreement. This comprises the £50 they already offered, and a further £75.

My final decision

I uphold this complaint in part and direct Clydesdale Financial Services Limited trading as Barclays Partner Finance to take the action I've set out in the 'putting things right' section of my decision.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss F to accept or reject my decision before 3 October 2025.

Daniel Picken
Ombudsman