

## **The complaint**

Mr C complains that that LDF Finance No.3 Limited (trading as White Oak UK) have behaved unreasonably when pursuing him for a debt which was taken out by his former company.

For ease of reading, LDF refers to the respondent business and any agents acting on its behalf.

## **What happened**

In April 2020, Mr C's business which I'll call 'T' entered into a five-year fixed loan agreement with LDF for £50,000 with monthly repayments of £1,325.33. The borrowing was supported by a personal guarantee from Mr C.

Mr C told us:

- T fell into financial difficulties as a result of the Covid-19 pandemic and was struggling to repay the loan. He discussed this with LDF who suggested T default on the agreement so it could receive better payment terms.
- In May 2023, LDF sent a letter of termination which was factually incorrect. However, he reached an agreement with LDF to repay the loan over a longer period. As far as he was concerned, by agreeing to this, LDF had made a new agreement with him.
- In August 2023, he received a statutory demand requesting immediate payment of the outstanding balance of around £40,000. However, this had been signed by lawyers who said they were acting on behalf of LDF – he didn't think demand should stand as it hadn't been signed by LDF, nor had the correct timescale been provided.
- In September 2023, he complained to LDF about its actions of retracting the amended terms. He received a response in November 2023. He then requested information under a Subject Access Request (SAR).
- He didn't receive a response to his SAR, but in January 2024, LDF threatened him with bankruptcy proceedings. LDF said in February 2024 that it had responded to his SAR, but this wasn't received so he couldn't challenge LDF. Nor was he able to make a complaint to our service.
- The key issue here was that LDF had accepted a repayment plan with T and then decided after T had been making the agreed repayments that this wasn't acceptable. There was an ongoing dispute between T and LDF about the repayment plan, but instead of resolving this, LDF had pursued him personally under the guarantee.
- LDF had behaved inappropriately with the questions it asked, the advice it had provided about changing the repayment amounts he was making on loans with other banks and creditors, and the threats it had made to make him bankrupt.

LDF told us:

- Mr C is unhappy he is being pursued under the personal guarantee as he feels there is a dispute between T and itself about the repayment amount. However, no reduced repayment arrangement had been agreed, nor does payments received into its bank account constitute acceptance. Those funds were allocated to the outstanding balance on T's account and wouldn't be returned.
- Mr C believed that T could extend its agreement provided the loan is repaid in full, but that is not the case. This was a fixed term agreement and therefore it had issued the relevant termination notices to T and Mr C.
- It had asked Mr C about his financial information as T had breached the terms of its agreement, and it was seeking repayment. It was reasonable for it to request accurate income and expenditure information.
- It had sent Mr C the information requested under the SAR twice and offered to provide this a third time.
- There statutory demand and final response had been completed correctly and as required. There was no need to offer mediation as T hadn't met the terms of the agreement and neither party disputed the amount owed. It was simply seeking repayment of the debt as the amount proposed by Mr C initially hadn't been accepted.

Our investigator didn't recommend the complaint be upheld. She didn't think the questions LDF had asked Mr C were unreasonable, nor did she think LDF had to take the matter to court before it could pursue Mr C personally for the outstanding debt. The investigator also said she hadn't seen any evidence that LDF had told Mr C that he shouldn't make his loan repayments with another bank. She noted that LDF said it couldn't accept Mr C's offer and that this referred to the other loan repayments being maintained, but she didn't think LDF had inferred he should cease this to increase its offer to LDF, and on the call with LDF Mr C had been told that he may not be treating his creditors fairly. So overall, the investigator was satisfied that LDF had acted in line with the agreement and hadn't acted unfairly.

Mr C didn't agree and asked for an ombudsman to review his complaint. He said that LDF had told him that continuing to pay the other loan would be seen as not treating his creditors fairly, so he'd stopped paying this – there hadn't been any caveat with this advice. LDF still hadn't complied with his SAR request and was pursuing him even though the complaint was still with our service. He maintained that LDF was misrepresenting its position and undermining the regulatory process.

### **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 acknowledge Mr C feels strongly about what's happened. He's provided a lot of information and testimony in support of his complaint. I've read and considered everything Mr C has provided, however, in this decision I've not commented on each and every point he's raised. I don't mean this as a discourtesy this is simply due to the informal nature of this service which allows me to do so. I also want to make clear that it isn't my role to say whether or not LDF has acted unlawfully in its dealings with Mr C – that's something for a court to decide. Our service is an alternative to the courts, and my role is to decide whether or not I think

LDF has acted fairly and reasonably taking into account relevant laws, regulations and guidelines. That's what I have done here.

Mr C's key complaint here is in essence that he feels LDF has pursued him under the personal guarantee unfairly as it hasn't pursued T through every avenue first. And in pursuing him personally, Mr C feels LDF has given incorrect information, requested information that was unreasonable and hasn't followed its legal and regulatory obligations. I'm sorry to disappoint Mr C but based on the evidence available I'm not persuaded LDF has behaved unreasonably here. I'll explain why.

Mr C says that LDF has behaved unreasonably because it accepted a reduced monthly repayment which should have been sufficient to prevent any further action under the terms of the agreement. However I've looked at T's agreement with LDF, and it says that LDF can terminate the agreement if T defaults in any payment due by more than five days or if it has been deemed unable to pay its debts. The terms also say that if the agreement is terminated, that LDF can request immediate repayment of the sums which are due, along with any associated costs. In this case, I can see that T was initially in arrears when it missed the repayment of 7 March 2022. This means that technically LDF could have started recovery action against T or Mr C from this point.

However, our service would expect a financial business to look to support its customers if they are in financial difficulty. Here, I can see that LDF was in regular contact with Mr C over the following months after he explained that T was struggling due to the Covid-19 pandemic. It appears that between March 2022 and November 2022 there were ongoing discussions between Mr C and LDF as the arrears started to increase on T's account. In November 2022, LDF asked Mr C to provide his income and expenditure as it needed to understand his financial situation. From the evidence provided by both parties, I think that LDF was clear that there was a 90-day maximum limit on arrears on T's account before further action would be taken. And I'm satisfied that LDF were trying to work with Mr C to prevent further action being taken.

I recognise that Mr C says that as part of these ongoing discussions LDF had agreed to accept reduced repayments which should have prevented further action, and by issuing a statutory demand and instructing lawyers it hasn't followed the correct process. But I don't agree. Whilst I acknowledge that Mr C had decided to make a reduced payment towards T's account, I haven't seen any evidence that this was accepted or that a formal agreement had been reached with LDF. Upon reviewing T's history with LDF, I did see that in May 2021, T made changes to its payments schedule which was confirmed by a letter. So, I think Mr C ought reasonably to have been aware that if T's reduced payments had been agreed with LDF, that it would have confirmed this in writing.

Instead, I'm satisfied that LDF were clear that it wouldn't accept the payment of around £397. Whilst I recognise this will be disappointing for Mr C to hear, I don't think it was unreasonable for LDF to decline this as it isn't obligated to accept a reduced payment simply because that is the amount a borrower wishes to pay. The terms of T's agreement which Mr C accepted were clear, that this was a five-year fixed rate loan with defined repayments and that was the only amount LDF was required to accept. And when T didn't make those repayments, I think it was reasonable for LDF to take steps to recover the balance it was owed.

I recognise that Mr C feels LDF behaved unreasonably, because it was pursuing him personally at the same time, he was trying to agree a repayment plan for T. However, I've also looked at the personal guarantee provided by Mr C and this says that LDF can call upon both T and Mr C personally at the same time for any liability owed under the agreement. The personal guarantee is clear that it doesn't have to pursue T first and then wait to pursue Mr

C if the company doesn't provide a satisfactory resolution. I also acknowledge that Mr C feels LDF asked him unreasonable questions about his accounts, income and expenditure because of this. However, I've looked at the information LDF requested from Mr C, both initially as part of the income and expenditure, and as a result of this information, and I think LDF's questions were reasonable.

Whilst I recognise that Mr C says LDF's actions have caused him distress, I'm not persuaded that LDF has acted unreasonably or in a threatening manner here. I think it's reasonable for LDF to make Mr C aware of the financial consequences (such as a bankruptcy order) should he not repay the outstanding balance owed. I also acknowledge that there appears to be some miscommunication between our service, Mr C and LDF about the commencement of legal proceedings whilst the complaint is with our service. However, whilst I acknowledge this is likely to cause frustration to Mr C, LDF isn't obligated to stay proceedings pending the outcome of our service's investigation. Nor is it my role to fine or punish a business for making a mistake. In this case, I can see that once LDF was aware that Mr C's complaint was following our service's full process it agreed to halt proceedings pending our response. So LDF has behaved in the manner I'd expect here.

Mr C says that LDF also behaved unreasonably as it gave him unauthorised financial advice. He says that he was told by LDF to restructure his personal finances such as cancelling personal subscriptions and seeking alternative credit which impacted his credit file. However, I've reviewed the correspondence and the call between LDF and Mr C, and I'm satisfied that they provided factual information about the reason its credit team had declined the offer proposed by Mr C and how Mr C's actions could be perceived. I haven't seen evidence that LDF provided Mr C with advice, and I'm not persuaded it attempted to influence Mr C here.

I recognise that Mr C wanted to provide further evidence about his credit history to support his complaint. However, I'm not persuaded that Mr C's previous repayment history with the other lenders demonstrates that it was LDF that caused a change in that position, particularly given that T was already unable to meet its obligations. Therefore, it follows that I can't fairly hold LDF responsible for the consequences and impact Mr C says he's suffered as a result of changes to payments he made to other lenders.

I'm sorry to disappoint Mr C as I recognise he's found himself in a difficult situation. However, taking into account all the circumstances of the complaint, I don't think LDF has behaved unfairly or unreasonably here. So, I won't be asking it to do anything more.

### **My final decision**

My final decision is that I don't uphold this complaint.

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

Jenny Lomax  
**Ombudsman**