

The complaint

Mr C complains that Kuflink Ltd has failed to provide him with regular updates regarding his investment in a peer-to-peer (“P2P”) crowdfunding loan.

What happened

Mr C is invested in a P2P loan through Kuflink Ltd’s crowdfunding platform. Unfortunately, the loan went into default and Kuflink Ltd has been going through recovery action in an attempt to pay back investors their capital and interest.

Mr C complained to Kuflink Ltd in October 2024 as he was unhappy with the time it was taking with the recovery action. In his complaint, he asked for evidence of the progress Kuflink Ltd had made with its attempts for recovery. However, Kuflink Ltd didn’t respond to Mr C’s complaint and so he referred it to our service for an independent review.

One of our investigators looked into Mr C’s concerns and asked Kuflink Ltd to provide evidence of the recovery action it had taken and the updates it had given to Mr C. However, Kuflink Ltd failed to provide this information - despite the investigator making multiple requests for this. As such, the investigator upheld the complaint and said that Kuflink Ltd should pay Mr C £300 for the distress and inconvenience it had caused him by not responding to his query and not providing any clarity around the recovery action it had taken.

Mr C accepted the investigator’s findings but Kuflink Ltd didn’t respond. As such, 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 crux of Mr C’s complaint is about the recovery action Kuflink Ltd took on a defaulted loan, and how it kept him informed and responded to his query about those actions.

In reaching my decision, I’ve reviewed Kuflink Ltd’s investor terms and conditions, which are available online. In summary, these explain that in the event of a borrower not meeting the terms of the loan or misses a payment due, Kuflink Ltd would begin taking certain administrative steps to recover the missed payment(s). The terms and conditions ultimately give Kuflink Ltd the discretion to take recovery action that it considers to be in the best interests of investors and so recovery can vary for different loans.

I’ve also taken into account the wider regulatory obligations on Kuflink Ltd. Kuflink Ltd is authorised and regulated by the Financial Conduct Authority (“FCA”). The relevant rules and regulations FCA regulated firms are required to follow are set out in the FCA’s Handbook of rules and guidance.

The FCA Principles for Business (“PRIN”) set out the overarching requirements which all authorised firms are required to comply with. PRIN 1.1.1G, says “The Principles apply in

whole or in part to every firm". The Principles themselves are set out in PRIN 2.1.1R. The most relevant principles here are:

- PRIN 2.1.1R (2) "A firm must conduct its business with due skill, care and diligence."
- PRIN 2.1.1R (6) "A firm must pay due regard to the interests of its customers and treat them fairly."
- PRIN 2.1.1R (7) "A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading."

Kuflink Ltd was also required to act in accordance with the rules set out in the Conduct of Business Sourcebook (COBS). And the most relevant obligations here are:

- COBS 2.1.1R (1) "A firm must act honestly, fairly and professionally in accordance with the best interests of its client."
- COBS 4.2.1R (1) "A firm must ensure that a communication or a financial promotion is fair, clear and not misleading."

Unfortunately, Kuflink Ltd has failed to provide our service with any evidence to show what recovery action it has taken on the defaulted loan, despite our service requesting this on multiple occasions. As such, I must base my decision solely on the information provided by Mr C.

Mr C has kindly provided evidence of the updates he has received from Kuflink Ltd regarding the loan. These include updates which I've summarised as follows:

- 2 August 2024 – Kuflink Ltd explaining the borrower had not made the agreed partial repayment by 31 July 2024 and so it had instructed its solicitors to recommence bankruptcy proceedings.
- 1 October 2024 – Kuflink Ltd explaining that the borrower had been in touch to explain the delay in the partial repayment but was unable to confirm when this would be received, nor had the borrower offered any additional security. As such, Kuflink Ltd explained it would be progressing with legal action to recover the debt.
- 4 December 2024 – Kuflink Ltd explaining that the borrower's solicitor had provided some evidence of a sale of another asset that would provide a significant repayment to investors but couldn't provide a clear date for when this would complete. As such, it was working with the solicitor to progress this whilst maintaining the option of progressing legal action.
- 4 February 2025 – Kuflink Ltd explaining that the borrower had indicated that the sale of the other asset would provide a significant repayment to investors but that this had been delayed whilst a planning variation was being dealt with. It said it felt this would be the best route to recovery for investors.
- 4 April 2025 – Kuflink Ltd explaining that it was still working with the borrower to understand the progress of the sale of the other property asset and that the borrower had introduced a party interested in purchasing the security property at a level Kuflink Ltd was happy to agree to. It said that it was working with its receiver to understand whether it was a valid sale and proceedable.
- 4 July 2025 – Kuflink Ltd explaining that it had received terms for the sale of the security property and, assuming this completes, the proceeds, after legal fees, would all be shared with qualifying investors. It also said that it was continuing to work with the borrower and solicitors to seek further payment from the sale of the additional property – but it had no confirmed timescale for this to be completed.

Our service has not been provided with any further updates given to investors beyond 4 July

2025. It's possible that Kuflink Ltd has given further updates, but it hasn't provided our service with any evidence of this. As such, I've reached my decision based upon the assumption that no further updates have been given to Mr C.

When a loan goes into default (due to payment problems) Kuflink Ltd's terms indicate that it would undertake recovery action that it considers to be in the best interests of the affected investors to achieve a maximum recovery. This does mean that a variety of action could be taken depending on the circumstances – including pursuing the borrower, enforcing security and commencing formal legal action. For this particular loan, the updates Mr C has provided indicate that Kuflink Ltd has attempted to recover funds by way of a repayment plan with the borrower, as well as through the sale of an asset. Having considered these updates, I don't think I can fairly say Kuflink Ltd has failed to act in Mr C's best interests when trying to recover owed funds.

I acknowledge that Kuflink Ltd did need to keep Mr C updated on the status of the loan and the actions it was taking to recover investors funds after the loan was defaulted. I've reviewed the updates that have been provided by Mr C and I'm satisfied that between August 2024 and July 2025, Kuflink Ltd kept Mr C sufficiently updated on its progress. The updates appear to have been given every two months or so, which I think I don't think is unreasonable. It's not unusual for recovery action to take some time to complete, especially when the borrower is actively attempting to take steps to repay. As well as having regulatory obligations to treat its investors fairly, Kuflink Ltd also has an obligation to do the same with its borrowers. And as the borrower in this case was showing signs of co-operating with Kuflink Ltd, I find it fair and reasonable for Kuflink Ltd to explore the options put forward by the borrower before pursuing legal action. Legal action is usually considering a last resort for crowdfunding platforms due to the costs involved which are often passed down to investors and can reduce the amount of recoverable funds.

I appreciate Mr C finds the updates to lack the detail he requires. However, I consider these to be sufficient in giving him a general overview of the progress it was making, and I wouldn't expect Kuflink Ltd to have provided more specific information until it was in a position to fully understand what funds it was able to recover for investors. Often, information regarding the sale of assets by a borrower can be commercially sensitive and so it cannot be shared with investors. It's not clear whether that's the case here, as Kuflink Ltd hasn't provide any information regarding the recovery action taken, but I include this for context only.

Ultimately, I think Mr C's main concern stems from the non-payment of the loan and the delay in recovering his funds. The risk of default is an inherent risk associated with P2P lending and I've not considered the due diligence Kuflink Ltd conducted before allowing Mr C to invest in the loan. This is because Mr C's complaint has been solely raised with regards to Kuflink Ltd's recovery action and updates.

As I've explained, I don't think Kuflink Ltd is responsible for any delays between August 2024 and July 2025, as it was clear from the updates provide that Kuflink Ltd was taking fair and reasonable steps towards recovery. I'm also satisfied Kuflink Ltd kept Mr C sufficiently updated on its progress during this period. However, I've not seen any evidence of further updates provided beyond this period and so I understand why Mr C remains dissatisfied with the progress taken and the lack of information he has been provided since these updates. I also acknowledge that Kuflink Ltd failed to respond to his query in October 2024. Whilst Kuflink Ltd may not have been in a position to provide any information beyond what it had given in its updates, I have considered that, in not responding, Kuflink Ltd would have caused Mr C further concerns and frustration. So taking this all into account, I'm satisfied that £300 fairly recognises the distress and inconvenience caused to Mr C.

Putting things right

I direct Kuflink Ltd to pay Mr C £300 for the distress and inconvenience caused to him by not providing any updates beyond July 2025 and by not responding to his query in October 2024.

I also direct Kuflink Ltd to give Mr C an update on what recovery action it has taken since July 2025 and what the current situation is.

My final decision

My final decision is that I uphold this complaint and direct Kuflink Ltd to pay compensation as 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 6 January 2026.

Ben Waites
Ombudsman