

The complaint

Mr S's complaint is, in essence, that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance (the 'Lender') acted unfairly and unreasonably by (1) being party to an unfair credit relationship with him under Section 140A of the Consumer Credit Act 1974 (as amended) (the 'CCA') and (2) deciding against paying a claim under Section 75 of the CCA.

What happened

Mr and Mrs S were members of a timeshare provider (the 'Supplier') – having purchased a trial membership in July 2018. But the product at the centre of this complaint is their membership of a fractional timeshare that I'll call the 'Fractional Club' – which they bought on 18 February 2019 (the 'Time of Sale'). They entered into an agreement with the Supplier to buy 1,040 fractional points. After trading in their trial membership, they ended up paying £14,067 (the 'Purchase Agreement') for their Fractional Club membership.

The Fractional Club membership was asset backed – which meant it gave Mr and Mrs S more than just holiday rights. It also included a share in the net sale proceeds of a property named on the Purchase Agreement (the 'Allocated Property') after their membership term ends.

Mr S paid for their Fractional Club membership by taking finance of £17,909 from the Lender (the 'Credit Agreement'). This consolidated the outstanding balance of lending taken for their trial membership purchase.

Mr S – using a professional representative (the 'PR') – wrote to the Lender on 18 July 2023 (the 'Letter of Complaint') to raise a number of different concerns about their Fractional Club membership and the associated Credit Agreement. As those concerns haven't changed since they were first raised, and as both sides are familiar with them, it isn't necessary to repeat them in detail here beyond the summary above.

The Lender dealt with Mr S's concerns as a complaint and issued its final response letter on 9 August 2024, rejecting it on every ground.

The complaint was then referred to the Financial Ombudsman Service. It was assessed by an Investigator who, having considered the information on file, rejected the complaint on its merits.

Mr S disagreed with the Investigator's assessment and asked for an Ombudsman's decision – which is why it was passed to me.

The legal and regulatory context

In considering what is fair and reasonable in all the circumstances of the complaint, I am required under DISP 3.6.4R to take into account: relevant (i) law and regulations; (ii) regulators' rules, guidance and standards; and (iii) codes of practice; and (where appropriate), what I consider to have been good industry practice at the relevant time.

The legal and regulatory context that I think is relevant to this complaint is, in many ways, no different to that shared in several hundred published ombudsman decisions on very similar complaints – which can be found on the Financial Ombudsman Service’s website. And with that being the case, it is not necessary to set out that context in detail here. But I would add that the following regulatory rules/guidance are also relevant:

The Consumer Credit Sourcebook ('CONC') – Found in the Financial Conduct Authority's (the 'FCA') Handbook of Rules and Guidance

Below are the most relevant provisions and/or guidance as they were at the relevant time:

- CONC 3.7.3 [R]
- CONC 4.5.3 [R]
- CONC 4.5.2 [G]

The FCA's Principles

The rules on consumer credit sit alongside the wider obligations of firms, such as the Principles for Businesses ('PRIN'). Set out below are those that are most relevant to this complaint:

- Principle 6
- Principle 7
- Principle 8

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.

However, before I explain why, I want to make it clear that my role as an Ombudsman is not to address every single point that has been made to date. Instead, it is to decide what is fair and reasonable in the circumstances of this complaint. So, if I have not commented on, or referred to, something that either party has said, that does not mean I have not considered it.

Section 75 of the CCA: the Supplier's misrepresentations at the Time of Sale

The CCA introduced a regime of connected lender liability under Section 75 that affords consumers ("debtors") a right of recourse against lenders that provide the finance for the acquisition of goods or services from third-party merchants ("suppliers") in the event that there is an actionable misrepresentation and/or breach of contract by the supplier.

Certain conditions must be met if the protection afforded to consumers is engaged, including, for instance, the cash price of the purchase and the nature of the arrangements between the parties involved in the transaction. The Lender doesn't dispute that the relevant conditions are met. But for reasons I'll come on to below, it isn't necessary to make any formal findings on those conditions here.

It was said in the Letter of Complaint that Fractional Club membership had been misrepresented by the Supplier at the Time of Sale because Mr and Mrs S were:

1. Told that they had purchased an investment that would appreciate in value.
2. Told they would have a share of a property and its value would increase during the term of the agreement.

3. Told they would have access to “the holiday apartment” at any time all year round.

However, neither points 1 nor 2 strike me as misrepresentations even if such representations had been made by the Supplier (which I make no formal finding on). Telling prospective members that they were investing their money because they were buying a fraction or share of one of the Supplier’s properties was not untrue. And even if the Supplier’s sales representatives went further and suggested that the share in question would increase in value, that sounds like nothing more than a honestly held opinion as there isn’t any accompanying evidence to persuade me that the relevant sales representative(s) said something that, while an opinion, amounted to a statement of fact that they did not hold or could not have reasonably held.

As for the third point, I don’t think it’s probable that Fractional Club membership was misrepresented at the Time of Sale in this way. It seems unlikely that the Supplier would have said Mr and Mrs S would be able to access their holiday apartment at any time all year round, because that is not the way this membership worked. They had ‘points’ that they could use to exchange for accommodation, and this accommodation was subject to availability. The membership did not grant Mr and Mrs S the right to use the Allocated Property in any way during the membership term. And as there isn’t any other evidence on file to support the suggestion that Fractional Club membership was misrepresented for these reasons, I don’t think it was.

So, while I recognise that Mr S - and the PR - have concerns about the way in which Fractional Club membership was sold by the Supplier, when looking at the claim under Section 75 of the CCA, I can only consider whether there was a factual and material misrepresentation by the Supplier. For the reasons I’ve set out above, I’m not persuaded that there was. And that means that I don’t think that the Lender acted unreasonably or unfairly when it dealt with this particular Section 75 claim.

Section 140A of the CCA: did the Lender participate in an unfair credit relationship?

I’ve already explained why I’m not persuaded that Fractional Club membership was actionably misrepresented by the Supplier at the Time of Sale. But there are other aspects of the sales process that, being the subject of dissatisfaction, I must explore with Section 140A in mind if I’m to consider this complaint in full – which is what I’ve done next.

Having considered the entirety of the credit relationship between Mr S and the Lender along with all of the circumstances of the complaint, I don’t think the credit relationship between them was likely to have been rendered unfair for the purposes of Section 140A. When coming to that conclusion, and in carrying out my analysis, I have looked at:

1. The standard of the Supplier’s commercial conduct – which includes its sales and marketing practices at the Time of Sale along with any relevant training material;
2. The provision of information by the Supplier at the Time of Sale in relation to the Fractional Club membership, including the contractual documentation and disclaimers made by the Supplier;
3. Evidence provided by both parties on what was likely to have been said and/or done at the Time of Sale;
4. The inherent probabilities of the sale given its circumstances; and
5. The commission arrangements in place at the relevant time.

I have then considered the impact of these on the fairness of the credit relationship between Mr S and the Lender given his circumstances at the Time of Sale.

The Supplier's sales & marketing practices at the Time of Sale

Mr S's complaint about the Lender being party to an unfair credit relationship was made for several reasons.

The PR says, for instance, that the right checks weren't carried out before the Lender lent to Mr S. I haven't seen anything to persuade me that was the case in this complaint given its circumstances. But even if I were to find that the Lender failed to do everything it should have when it agreed to lend (and I make no such finding), I would have to be satisfied that the money lent to Mr S was actually unaffordable, before also concluding that he lost out as a result, and then consider whether the credit relationship with the Lender was unfair to him for this reason. But from the information provided, like the Investigator in this case, I am not satisfied that the lending was unaffordable for Mr S.

Connected to this is the suggestion by the PR that the Credit Agreement was arranged by an unauthorised credit broker, the upshot of which is to suggest that the Lender wasn't permitted to enforce the Credit Agreement. However, it looks to me like Mr S knew, amongst other things, how much he was borrowing and repaying each month, who he was borrowing from and that he was borrowing money to pay for their Fractional Club membership. And as the lending doesn't look like it was unaffordable for him, even if the Credit Agreement was arranged by a broker that didn't have the necessary permission to do so (which I make no formal finding on), I can't see why that led to a financial loss for Mr S – such that I can say that the credit relationship in question was unfair on him as a result. And with that being the case, I'm not persuaded that it would be fair or reasonable to tell the Lender to compensate Mr S, even if the loan wasn't arranged properly.

The PR also says that there was one or more unfair contract terms in the Purchase Agreement. But as I can't see that any such terms were operated unfairly against Mr and Mrs S in practice, nor that any such terms led them to behave in a certain way to their detriment, I'm not persuaded that any of the terms governing Fractional Club membership are likely to have led to an unfairness that warrants a remedy.

The Letter of Complaint says that the Supplier went into liquidation in December 2020, and this means that Mr and Mrs S would be unable to recover any monies which may be due to them from the Supplier.

I can see that certain parts of the Supplier's business were put into administration. But neither Mr S nor the PR have said, suggested or provided evidence to demonstrate that, as a result of this administration, Mr and Mrs S are no longer:

1. Members of the Fractional Club;
2. able to use their Fractional Club membership to holiday in the same way they could initially; and
3. entitled to a share in the net sales proceeds of the Allocated Property when their Fractional Club membership ends.

So, I cannot see how this has rendered Mr S's credit relationship with the Lender unfair to him.

Overall, therefore, I don't think that Mr S's credit relationship with the Lender was rendered unfair to him under Section 140A for any of the reasons above. But there is another reason, perhaps the main reason, why the PR says the credit relationship with the Lender was unfair to Mr S. And that's the suggestion that Fractional Club membership was marketed and sold

to him and Mrs S as an investment in breach of prohibition against selling timeshares in that way.

The Supplier's alleged breach of Regulation 14(3) of the Timeshare Regulations

The Lender does not dispute, and I am satisfied, that Mr and Mrs S's Fractional Club membership met the definition of a "timeshare contract" and was a "regulated contract" for the purposes of the Timeshare Regulations.

Regulation 14(3) of the Timeshare Regulations prohibited the Supplier from marketing or selling Fractional Club membership as an investment. This is what the provision said at the Time of Sale:

"A trader must not market or sell a proposed timeshare contract or long-term holiday product contract as an investment if the proposed contract would be a regulated contract."

But the PR says that the Supplier did exactly that at the Time of Sale – saying, in summary, that Mr and Mrs S were told by the Supplier that Fractional Club membership was the type of investment that would only increase in value.

The term "investment" is not defined in the Timeshare Regulations. But for the purposes of this decision, and by reference to the decided authorities, an investment is a transaction in which money or other property is laid out in the expectation or hope of financial gain or profit.

A share in the Allocated Property clearly constituted an investment as it offered Mr and Mrs S the prospect of a financial return – whether or not, like all investments, that was more than what they first put into it. But it is important to note at this stage that the fact that Fractional Club membership included an investment element did not, itself, transgress the prohibition in Regulation 14(3). That provision prohibits the *marketing and selling* of a timeshare contract as an investment. It doesn't prohibit the mere existence of an investment element in a timeshare contract or prohibit the marketing and selling of such a timeshare contract *per se*.

In other words, the Timeshare Regulations did not ban products such as the Fractional Club. They just regulated how such products were marketed and sold.

To conclude, therefore, that Fractional Club membership was marketed or sold to Mr and Mrs S as an investment in breach of Regulation 14(3), I have to be persuaded that it was more likely than not that the Supplier marketed and/or sold membership to them as an investment, i.e. told them or led them to believe that Fractional Club membership offered them the prospect of a financial gain (i.e., a profit) given the facts and circumstances of *this* complaint.

And there is competing evidence in this complaint as to whether Fractional Club membership was marketed and/or sold by the Supplier at the Time of Sale as an investment in breach of Regulation 14(3) of the Timeshare Regulations.

On the one hand, it is clear that the Supplier made efforts to avoid specifically describing membership of the Fractional Club as an 'investment' or quantifying to prospective purchasers, such as Mr and Mrs S, the financial value of their share in the net sales proceeds of the Allocated Property along with the investment considerations, risks and rewards attached to them.

On the other hand, I acknowledge that the Supplier's sales process left open the possibility that the sales representative may have positioned Fractional Club membership as an investment, and this is what the PR says happened in the Letter of Complaint. But a letter of

complaint (or claim) is not evidence – especially when, as here, it contains bare allegations or a mere summary of the consumer’s allegations. It does not provide any insight into Mr and Mrs R’s personal recollections of the sale.

When the PR referred Mr S’s complaint to this Service in November 2024, it sent in a witness statement from them both. And having considered all of the evidence submitted, including what Mr and Mrs S have had to say about how the Fractional Club membership was sold to them, I am not persuaded that there was a breach of Regulation 14(3) by the Supplier. I think this because of the way Mr and Mrs S describe what they were told by the Supplier in relation to their share of the Allocated Property. They say:

“We were made to believe that we have purchased and will own a percentage (5%) of a supposed property as part of the [Supplier] Fractional Property Owners Club.

The details of the allocated property were given as — Allocated Property: K207, Resort: Paradise. We were told that at the end of the contract we will be entitled to 5% of the market value of the said property.”

But this, in my opinion, is nothing more than a description of how the Fractional Club worked, albeit Mr and Mrs S are mistaken about the size of their share – it was actually 1.93%. It is clear that they understood they would get some money back upon the sale of the Allocated Property, but there is nothing here which makes me think that Mr and Mrs S were led to believe they would make a profit from the membership.

However, even if I am wrong about that, and the Supplier *did* sell and/or market the Fractional Club to Mr and Mrs S in a way that breached Regulation 14(3), whether or not there was a breach of the relevant prohibition by the Supplier is not ultimately determinative of the outcome in this complaint for reasons I will come on to shortly.

Would the credit relationship between the Lender and Mr S have been rendered unfair to him had there been a breach of Regulation 14(3) of the Timeshare Regulations?

As I’ve said, I am not persuaded that there was a breach of Regulation 14(3) at the Time of Sale. But even if I am wrong about that, I do not think it would make a difference to the outcome of this complaint in any event. That is because the case law on Section 140A makes it clear that regulatory breaches do not automatically create unfairness for the purposes of that provision. Such breaches and their consequences (if there are any) must be considered in the round, rather than in a narrow or technical way.

Indeed, it seems to me that if I am to conclude that there had been a breach of Regulation 14(3), and that breach led to a credit relationship between Mr S and the Lender that was unfair to him and warranted relief as a result, whether that breach of Regulation 14(3) led him and Mrs S to enter into the Purchase Agreement and him into the Credit Agreement is an important consideration.

But on my reading of the evidence before me, I am not persuaded that the prospect of a financial gain from Fractional Club membership was an important and motivating factor when they decided to go ahead with their purchase. I’ll explain.

The statement from Mr and Mrs S begins by setting out how they remember the Fractional Club being sold to them by the Supplier. They say:

“...we were allocated some sales representatives and they showed various charts, diagrams, and figures to create the impression that their package would cost less than usual holidays for families. They also gave us a staff member who took us round to show the some of the accommodations and apartments and to look after our children whilst we

attended the sales presentations. The sales representatives were very skilful in manipulating us emotionally and never allowed us any breathing space or time to think through what they were offering us. It appeared as if they would not take a no for an answer. Any package that they offered us, and we said we could not afford they would bring another package or kept reducing the prices and asking us how much we think we could afford. We explained to them the total of the package was very costly and unsustainable, but they made us believe that we could withdraw should our circumstances change in future. They even gave an example that the package they were selling to us was returned by another customer and sold to us at a cheaper/discounted price. They managed to sell a package costing a total of £17909 (including the admin fee) with additional maintenance cost of about £100 per month for a period of 18 years."

This, in my opinion, sets out the basis of the membership – the holidays it could provide, and the price of those holidays. But then even when Mr and Mrs S go on to talk about their share in the Allocated Property, there is again no mention of a profit, or that they bought it for such profit.

"We were made to believe that we have purchased and will own a percentage (5%) of a supposed property as part of the [Supplier] Fractional Property Owners Club.

The details of the allocated property were given as — Allocated Property: K207, Resort: Paradise. We were told that at the end of the contract we will be entitled to 5% of the market value of the said property."

This sets out how the Fractional Club works, and that they could expect to get something back at the end. It does not, in my view, set out that they were told they may make a profit, nor that they bought it for such a reason. And if they did buy it for that reason, as the PR now attests, I find it surprising that they have not said so in their statement.

I think, when reading their statement as a whole, Mr and Mrs S bought the membership for the holidays it could provide. After all, the majority of what they have said is describing how they were told about the price of the holidays, being shown around the resort, and then getting the Supplier to reduce the cost of the membership. So it is clear that they were interested in purchasing the membership as a result of what they had seen and been told about the holidays when compared to the initial outlay.

In response to the Investigator's view the PR has pointed to Clause 10 and Clause 11 in the Information Statement given to Mr and Mrs S at the Time of Sale, setting the clauses out as evidence that the Fractional Club was understood by them as having an inherent value and being an investment.

Clause 10 reads:

"Trade ins - New Owners are reminded that if in the future they should wish to buy one of the freehold / whole ownership properties developed and owned by [the Supplier] they will be entitled to trade in some of the Fractional Rights for a discount on the purchase price...."

And Clause 11 reads:

"Investment Advice - The Vendor, any sales or marketing agent and the Manager and their related business (a) are not licensed investment advisors authorized by the Financial Conduct Authority to provide investment or financial advice; (b) all information has been obtained solely from their own experiences as investors and is provided as general information only and as such it is not intended to for use as a source of investment advice and (c) all purchasers are advised to obtain competent advice from legal, accounting and

investment advisors to determine their own specific investment needs; (d) no warranty is given as to any future values or returns in respect of the Allocated Property”.

But as I’ve said, I do think their share in the Allocated Property was interesting to them. After all, that wouldn’t be surprising given the nature of the product at the centre of this complaint. But as Mr and Mrs S themselves don’t persuade me that their purchase was motivated by their share in the Allocated Property and the possibility of a *profit*, I don’t think a breach of Regulation 14(3) by the Supplier (if there was one) was likely to have been material to the decision Mr and Mrs S ultimately made. I think it likely that they would have bought the membership anyway for the holidays it could provide.

On balance, therefore, even if the Supplier had marketed or sold the Fractional Club membership as an investment in breach of Regulation 14(3) of the Timeshare Regulations (and as I’ve said, I don’t think it did) I am, in any event, not persuaded that Mr and Mrs S’s decision to purchase Fractional Club membership at the Time of Sale was motivated by the prospect of a financial gain (i.e., a profit). And for that reason, I do not think the credit relationship between Mr S and the Lender was unfair to him even if the Supplier had breached Regulation 14(3).

The Provision of Information by the Supplier at the Time of Sale

The PR says that Mr and Mrs S were not given adequate information at the Time of Sale in relation to the requirement to pay an annual maintenance fee, and that this fee may increase. But I can see that the requirement to pay an annual maintenance fee was set out in the Member’s Declaration (this was signed by Mr and Mrs S as having been read) and also in the Information Statement which was also signed. So, I think it is likely that Mr and Mrs S were given sufficient information about this charge at the Time of Sale. And it is clear from their statement that they knew about the charge.

And, other than making a bare allegation that the Supplier didn’t give them enough information about how the annual management charges could rise, Mr S did not and has not elaborated on the allegation to describe what they were told and what he now thinks he should have been told. He also hasn’t provided a breakdown of the annual management charges he has had to pay. And while the PR said the annual management charges have risen exponentially, it has not provided any evidence to support that assertion.

It seems likely to me that Mr and Mrs S were told by the Supplier at the Time of Sale that the annual management charges could go up each year. And while it’s possible the Supplier didn’t give them sufficient information, in good time, on the various charges they could have been subject to as Fractional Club members in order to satisfy its regulatory responsibilities at the Time of Sale, I haven’t seen enough to persuade me that this, alone, rendered Mr S’s credit relationship with the Lender unfair to him.

The PR says that a payment of commission from the Lender to the Supplier at the Time of Sale should lead to this complaint being upheld because, simply put, information in relation to that payment went undisclosed at the Time of Sale.

As both sides already know, the Supreme Court handed down an important judgment on 1 August 2025 in a series of cases concerned with the issue of commission: *Johnson v FirstRand Bank Ltd, Wrench v FirstRand Bank Ltd and Hopcraft v Close Brothers Ltd [2025] UKSC 33* (*‘Hopcraft, Johnson and Wrench’*).

The Supreme Court ruled that, in each of the three cases, the commission payments made to car dealers by lenders were legal, as claims for the tort of bribery, or the dishonest assistance of a breach of fiduciary duty, had to be predicated on the car dealer owing a

fiduciary duty to the consumer, which the car dealers did not owe. A “disinterested duty”, as described in *Wood v Commercial First Business Ltd & ors and Business Mortgage Finance 4 plc v Pengelly* [2021] EWCA Civ 471, is not enough.

However, the Supreme Court held that the credit relationship between the lender and Mr Johnson was unfair under Section 140A of the CCA because of the commission paid by the lender to the car dealer. The main reasons for coming to that conclusion included, amongst other things, the following factors:

1. The size of the commission (as a percentage of the total charge for credit). In Mr Johnson’s case it was 55%. This was “so high” and “a powerful indication that the relationship...was unfair” (see paragraph 327);
2. The failure to disclose the commission; and
3. The concealment of the commercial tie between the car dealer and the lender.

The Supreme Court also confirmed that the following factors, in what was a non-exhaustive list, will normally be relevant when assessing whether a credit relationship was/is unfair under Section 140A of the CCA:

1. The size of the commission as a proportion of the charge for credit;
2. The way in which commission is calculated (a discretionary commission arrangement, for example, may lead to higher interest rates);
3. The characteristics of the consumer;
4. The extent of any disclosure and the manner of that disclosure (which, insofar as Section 56 of the CCA is engaged, includes any disclosure by a supplier when acting as a broker); and
5. Compliance with the regulatory rules.

From my reading of the Supreme Court’s judgment in *Hopcraft, Johnson and Wrench*, it sets out principles which apply to credit brokers other than car dealer–credit brokers. So, when considering allegations of undisclosed payments of commission like the one in this complaint, *Hopcraft, Johnson and Wrench* is relevant law that I’m required to consider under Rule 3.6.4 of the Financial Conduct Authority’s Dispute Resolution Rules (‘DISP’).

But I don’t think *Hopcraft, Johnson and Wrench* assists Mr S in arguing that his credit relationship with the Lender was unfair to him for reasons relating to commission given the facts and circumstances of this complaint.

I haven’t seen anything to suggest that the Lender and Supplier were tied to one another contractually or commercially in a way that wasn’t properly disclosed to Mr S, nor have I seen anything that persuades me that the commission arrangement between them gave the Supplier a choice over the interest rate that led Mr S into a credit agreement that cost disproportionately more than it otherwise could have.

I acknowledge that it’s possible that the Lender and the Supplier failed to follow the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between them.

But as I’ve said before, the case law on Section 140A makes it clear that regulatory breaches do not automatically create unfairness for the purposes of that provision. Such breaches and their consequences (if there are any) must be considered in the round, rather than in a narrow or technical way. And with that being the case, it isn’t necessary to make a

formal finding on that because, even if the Lender and the Supplier failed to follow the relevant regulatory guidance at the Time of Sale, it is for the reasons set out below that I don't think any such failure is itself a reason to find the credit relationship in question unfair to Mr S.

In stark contrast to the facts of Mr Johnson's case, the amount of commission paid by the Lender to the Supplier for arranging the Credit Agreement that Mr S entered into wasn't high. At £716.36, it was only 4% of the amount borrowed and even less than that (3.71%) as a proportion of the charge for credit. So, had Mr S known at the Time of Sale that the Supplier was going to be paid a flat rate of commission at that level, I'm not persuaded that he either wouldn't have understood that or would have otherwise questioned the size of the payment at that time. After all, Mr and Mrs S wanted Fractional Club membership and had no obvious means of their own to pay for it. And at such a low level, the impact of commission on the cost of the credit they needed for a timeshare they wanted doesn't strike me as disproportionate. So, I agree with the Investigator in that I think Mr S would still have taken out the loan to fund their purchase at the Time of Sale had the amount of commission been disclosed.

What's more, I don't think the Supplier's role as a credit broker was a separate service and distinct from its role as the seller of timeshares. It was simply a means to an end in the Supplier's overall pursuit of a successful timeshare sale. I can't see that the Supplier gave an undertaking – either expressly or impliedly – to put to one side its commercial interests in pursuit of that goal when arranging the Credit Agreement. And as it wasn't acting as an agent of Mr S but as the supplier of contractual rights he obtained under the Purchase Agreement, the transaction doesn't strike me as one with features that suggest the Supplier had an obligation of 'loyalty' to him when arranging the Credit Agreement and thus a fiduciary duty.

Overall, therefore, I'm not persuaded that the commission arrangements between the Supplier and the Lender were likely to have led to a sufficiently extreme inequality of knowledge that rendered the credit relationship unfair to Mr S.

Section 140A: Conclusion

Given all of the factors I've looked at in this part of my decision, and having taken all of them into account, I'm not persuaded that the credit relationship between Mr S and the Lender under the Credit Agreement and related Purchase Agreement was unfair to him. As a result, I don't think it would be fair or reasonable that I uphold this complaint on that basis.

Commission: The Alternative Grounds of Complaint

While I've found that Mr S's credit relationship with the Lender wasn't unfair to him for reasons relating to the commission arrangements between it and the Supplier, two of the grounds on which I came to that conclusion also constitute separate and freestanding complaints to Mr S's complaint about an unfair credit relationship. So, for completeness, I've considered those grounds on that basis here.

The first ground relates to whether the Lender is liable for the dishonest assistance of a breach of fiduciary duty by the Supplier because it took a payment of commission from the Lender without telling Mr S (i.e., secretly). And the second relates to the Lender's compliance with the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between them.

However, for the reasons I set out above, I'm not persuaded that the Supplier – when acting as credit broker – owed Mr S a fiduciary duty. So, the remedies that might be available at

law in relation to the payment of secret commission aren't, in my view, available to him. And while it's possible that the Lender failed to follow the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between it and the Supplier, I don't think any such failure on the Lender's part is itself a reason to uphold this complaint because, for the reasons I also set out above, I think Mr S would still have taken out the loan to fund their purchase at the Time of Sale had there been more adequate disclosure of the commission arrangements that applied at that time.

Overall Conclusion

In conclusion, given the facts and circumstances of this complaint, I do not think that the Lender acted unfairly or unreasonably when it dealt with Mr S's Section 75 claim. I am also not persuaded that the Lender was party to a credit relationship with him under the Credit Agreement and related Purchase Agreement that was unfair to him for the purposes of Section 140A of the CCA. And having taken everything into account, I see no other reason why it would be fair or reasonable to direct the Lender to compensate Mr S.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 March 2026.

Chris Riggs
Ombudsman