

The complaint

Miss A complains to Link Financial Outsourcing Limited trading as Asset Link Capital (No.9) (LFO) that loans given to her were unaffordable. She also complained that LFO shouldn't have allowed her to pay the loans using a credit card.

What happened

Miss A had two loans totalling £11,000 which were administered by LFO. They had been given to her to help fund living expenses while she was a university student. £8,000 was advanced in November 2019 and a further £3,000 in February 2020. Miss A says these loans were never affordable for her.

Miss A paid off both loans in late 2024, and did so in part, using credit cards. She was later told that the business did not accept payments by credit card.

LFO looked into Miss A's complaint and issued a final response. It said the loans had been advanced by a company called Future Finance Loans Corporation Limited, but that it felt the loans had been agreed reasonably. It said its portal should not accept credit card payments and asked Miss A for further evidence in that regard. It didn't uphold the complaint.

Miss A was unhappy with LFO's response so she referred her complaint to our service. One of our investigators looked into it. He said he felt the loans had been lent responsibly and didn't uphold that aspect of the complaint. In the meantime, Miss A had provided evidence of the credit card transactions to LFO and it agreed the payments had been accepted in error due to a technical issue. LFO initially offered to reverse the payments, but that would mean reopening the loans which Miss A didn't want. So instead, it offered £250 in recognition of its mistake. Our investigator felt the offer was reasonable.

Miss A didn't agree with our investigator. She said she still believed the loans had been lent irresponsibly. She acknowledged the £250 offer for the handling of her credit card payments, but she didn't think it was adequate to resolve the complaint as a whole. As there was no agreement, 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.

Having done so, I've reached a similar outcome to that of our investigator, but for different reasons. I issued a provisional decision saying:

"Irresponsible lending

There are three businesses involved in this complaint, as shown in the table below:

Name of business	Role of business	Regulated by FCA
<i>Future Finance Corporation Limited</i>	<i>Original lender</i>	<i>Yes (but now</i>

		dissolved)
Asset Link Capital (No.9) Limited (ALC9)	Owner of the debt	No
Link Financial Outsourcing Limited trading as Asset Link Capital (No.9) (Link Financial)	Debt servicer	Yes

On 18 November 2022, Future Finance was dissolved and ALC9 acquired the loans as part of a portfolio sale. ALC9 became the owner – and creditor – for Miss A’s loans. It uses LFO to administer the loans and deal with complaints on its behalf.

Our service can consider complaints about acts or omissions by businesses which are regulated by the Financial Conduct Authority (FCA) when they’re carrying out a regulated activity such as lending money or collecting repayments.

Miss A’s main complaint is that her loans were lent irresponsibly. This is a regulated activity which this service has the power to look into.

In this case however, the initial decisions to lend to Miss A were taken by Future Finance, a business which no longer exists so we can’t consider complaints against it. I also haven’t seen anything to suggest LFO took responsibility for the original lending decisions by Future Finance (which is not unusual in circumstances like this), so I can’t uphold a complaint against it for what may or may not have gone wrong.

Payments by credit card

We can, however, consider Miss A’s complaint about the acceptance of credit card payments against LFO as they took place while it was the debt servicer. I’ll now go on to do so.

LFO explained that its policy is to not accept credit card payments, but there was a technical oversight by a third party which provides its payments portal that allowed Miss A’s payments to go through successfully. It has taken steps to prevent such payments in future. It’s clear then that a mistake was made which enabled Miss A to make payments to clear or substantially reduce the loans by using her credit cards.

I note that some of these transactions appear to have taken advantage of promotional rates offered by the card providers. Miss A says she was concerned that payments she was making were not having an impact on the balance of the loans due to the level of interest she was paying on them. So I can understand why she may have wished to move the debt to more cost-effective borrowing.

I’ve thought about what might have happened had LFO had refused to accept the payments direct from the credit cards. It’s not clear what Miss A would have done differently but given her concern about the interest due on the loans, she may well have found other ways to refinance them such as carrying out money transfers from the credit cards to her current account and made the payment by debit card instead. This is likely to have meant she’d still have benefitted from the promotional rates with her credit cards.

On the other hand, she may have continued to pay the loans through LFO. It offered to reopen the loans as a solution to this element of the complaint. This would have meant she’d have continued to pay what she felt to be a high rate of interest on the loans. I note she rejected LFO’s offer to reinstate them.

LFO has apologised for the mistake and offered Miss A £250 in compensation for it. I think this is fair and reasonable in the circumstances.

I realise my decision will come as a disappointment to Miss A – especially regarding the irresponsible lending aspect of this complaint – but I hope my explanation is helpful.”

LFO accepted my provisional decision, but Miss A didn't. She said (in summary):

- Her complaint about affordability of the loans hasn't been meaningfully addressed. The lending decisions were based on assumptions about her future earnings.
- She acknowledges that I can't deal with a complaint about Future Finance directly, but I should still be able to decide if the lending was unfair.
- The use of her credit card to repay the loans using promotional rates was necessary *“to mitigate the high levels of interest”* rather than being *“opportunistic”*.
- She asked me to reconsider the level of compensation awarded.

For the reasons set out above, I don't have the power to meaningfully address Miss A's complaint about the lending decisions or to comment in detail about the fairness – or otherwise - of the lending decisions or the loans. Not because I don't want to, but because the lending decisions were simply not the responsibility of LFO.

It might be helpful though if I explain that the rules lenders must follow are set out in the Consumer Credit sourcebook (CONC). CONC 5.2A.16(4) says that *“it may be reasonable to take into account an expected future increase in income... [if the] ...loan [is] to fund the provision of further or higher education”*. So while I understand why she feels Future Finance may have got something wrong by making assumptions on her future earnings, lenders are permitted to do so in these circumstances.

As I said in my provisional decision, I do understand why Miss A used her credit cards to repay the loans. Doing so reduced the amount of interest she was obliged to pay. And LFO has accepted it made a mistake in taking the payments. But it did accept them and the loans were repaid in full.

Putting things right

In circumstances where a business makes a mistake, we'd normally expect the business to put the consumer back in the position they would have been in had the mistake not happened. If there has been material distress or inconvenience as a result of the mistake, we would expect the business to compensate the consumer for that.

Putting Miss A in the position she would have been in had LFO not made the mistake, would mean reopening the loans. For very understandable reasons, Miss A didn't want to do that – she had purposely taken a decision to move the loans to (mostly) promotional rates on her credit cards. So Miss A was able to achieve her aim of reducing the amount of interest she had to pay – and I'm pleased for her that she was able to do that.

It's not clear what material distress and inconvenience Miss A suffered as a result of LFO accepting the payments from her – it was something she clearly wished to do for the reasons she's explained. Finding out later that LFO shouldn't have accepted the payments might have caused some confusion, but as the mistake had been to comply with Miss A's wishes, I don't think she would have suffered material distress or inconvenience as a result.

Nonetheless, LFO has acknowledged its mistake and offered to pay her £250 which I think is a fair way to resolve the complaint.

My final decision

My final decision is that I uphold this complaint. Link Financial Outsourcing Limited trading

as Asset Link Capital (No.9), should put matters right for Miss A as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 19 May 2026.

Richard Hale
Ombudsman