

complaint

Mr O complains that Clydesdale Financial Services Limited did not tell him that he would be charged interest if he did not repay his point of sale loan within a year.

background

Mr O took out a point of sale loan to pay for a television in February 2014. The loan period was for five years, and had a twelve month buy now pay later arrangement.

Clydesdale wrote to Mr O in early 2015 to tell him that he would be charged interest if he did not pay off the loan before a specified date. Mr O was not happy with this and complained to Clydesdale. He said he was never told interest would be charged. Clydesdale did not uphold his complaint. It said it was clear from the loan documentation that interest would be payable if Mr O did not repay the loan within a year.

Mr O was not happy with this response and brought a complaint to us to consider. He says he was not told when he bought the television that he had to pay interest if he had not repaid the loan within a year. Mr O was advised that if he had not paid off the balance due at this time, a payment plan would be arranged for him.

The adjudicator did not recommend that the complaint should be upheld. She considered that the loan agreements made it clear that interest would be charged if the loan was not repaid within a year. Further, the monthly loan repayment was set out in the finance document signed by Mr O.

Mr O is not happy to accept the adjudicator's recommendation. He asked for his complaint to be considered by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see it must have been frustrating for Mr O to discover that the television he thought eligible for deferred payment, and interest free, was not. But for me to uphold his complaint I must be satisfied Clydesdale has done something wrong.

The shop which Mr O bought the television from is no longer trading. Because of this, it is difficult to know what was said to him when he bought it. I have looked at what Mr O was told about the finance arrangement in the documents that he signed.

Mr O was given Pre Contract Credit Information (PCCI) which told him:

"If you repay your loan within 12 months we will not charge you interest but we will charge you a settlement fee of £29.00".

Mr O signed to confirm he had received this document. The loan documents also set out the monthly repayment sums which Mr O would have to repay. He signed a direct debit mandate for the collection of these amounts.

The repayment terms, including interest payable after 12 months, were clearly set out in the documents signed by Mr O. Because of this, I am unable to find that Clydesdale has acted unreasonably in charging him interest, or when it asked him to make loan repayments.

I realise this decision is likely to disappoint Mr O, as it's not the outcome he wanted. But I can't fairly require Clydesdale not to charge interest or ask for repayment of the loan when Mr O signed to agree to this.

my final decision

For the reasons I have given, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 13 November 2015.

Rosemary Lloyd
ombudsman