

complaint

Mr J complains that Loans 2 Go Limited failed to provide him with sufficient information before he agreed to borrow from the firm. As a result he says that he was unaware of the cancellation terms of the agreement and has had to pay interest when withdrawing from his agreement.

background

Mr J was given a loan of £500 by Loans 2 Go in October 2018. That loan was secured against his vehicle. Mr J signed the necessary paperwork for this loan at his home in the presence of an agent of Loans 2 Go.

Around 11 days after taking the loan Mr J contacted Loans 2 Go and exercised his right to withdraw from the agreement. In accordance with the terms of that agreement Loans 2 Go provided Mr J with information about the interest he would need to pay, and advised him that the full loan amount plus interest would need to be repaid within 30 days.

Mr J was unhappy that he was being charged interest as part of the withdrawal costs. So he complained to Loans 2 Go. Loans 2 Go didn't agree that it had been wrong to add interest to Mr J's settlement cost.

Mr J's complaint has been assessed by one of our adjudicators. She didn't think Loans 2 Go had done anything wrong either in terms of explaining the agreement to Mr J, or in its interpretation of what Mr J would need to repay to withdraw from the agreement. So she didn't think the complaint should be upheld.

Mr J didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Mr J signed his loan agreement, and other paperwork relating to the loan, at his home. He was visited by an agent of Loans 2 Go who indicated where Mr J would need to sign and took control of the vehicle registration document and a spare key. Mr J has said that the agent didn't explain the documents that he was being asked to sign or provide him with any information about the terms of the lending.

Loans 2 Go has said that its agent didn't attend Mr J's home in order to complete the sale of Mr J's loan. It says that the agent was simply there to ensure that the documents were correctly signed, witness those signatures, and collect the spare key and vehicle registration document. And I think what Loans 2 Go has said is entirely reasonable. So I wouldn't expect the agent to be in a position to, or be required to, explain the lending agreement to Mr J.

I accept that the terms relating to the withdrawal from the agreement are contained within a section of closely worded text. But I also have to consider that I think it unlikely, when he agreed to the loan, that Mr J was actively considering withdrawing from it. So even if those

terms had been made clearer I doubt that he would have made a different decision about proceeding with his borrowing.

But the terms do explain that, if the consumer decided to withdraw from the loan within the first 14 days, he would be able to do so providing the principal borrowed and any interest that had been accrued since the credit was granted were repaid within 30 days. And a little more prominently, in the key financial information section of the agreement, that withdrawal daily interest was detailed as being £1.83 per day.

Shortly after Mr J gave notice to withdraw from the agreement, Loans 2 Go took the first payment that was due under that agreement. I think it is important to note that until the entire balance has been repaid under the withdrawal terms the agreement remains active. So I don't think it was unreasonable for Loans 2 Go to collect the repayment that was due whilst Mr J was considering whether to withdraw from the agreement. That withdrawal decision would only be made when the repayment of the principal amount and interest had been made.

So I don't agree with Mr J that Loans 2 Go failed to provide him with sufficient information before he agreed to take the loan. And I think the interest that it charged him when he withdrew was reasonable and in line with the agreement Mr J signed. I don't think it was wrong for Loans 2 Go to continue to collect the scheduled repayment from Mr J before he completed his withdrawal from the agreement.

my final decision

For the reasons given above, I don't uphold the complaint or make any award against Loans 2 Go Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 21 September 2020.

Paul Reilly
ombudsman