

complaint

Mr H complains that British Gas New Heating Limited ("BGNHL") told him that his loan agreement with a third party ("V") had an interest rate of 6.5%, but over a year later he discovered that the interest rate was in fact 21.6%.

background

BGNHL arranged a loan for Mr H with V. Mr H said that BGNHL told him that the interest rate would be 6.5%. He does not recall signing the loan agreement, as he said that the agreement could not be printed out for signature. He said that he had never received a copy of the agreement, and that he did not realise until he received his annual loan statement over a year later that the interest rate on his loan was 21.6%. He wants the interest rate on the loan reduced to 6.5% for the full period of the loan and any charges to be removed.

The adjudicator did not recommend that the complaint should be upheld. She noted that the loan agreement, which was apparently signed by Mr H on 25 July 2013, showed the interest rate of 21.6%. So, she was not satisfied that BGNHL had made a misrepresentation.

Mr H disagreed and responded to say, in summary, that he had not signed the agreement, the signature on the agreement was forged, he did not receive a copy of the agreement, and he would not have knowingly entered into an agreement with an excessive interest rate.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr H said that he had not signed the loan agreement. But, V has provided this service with a copy of the loan agreement, pre-contract credit information, and direct debit instruction form, all signed by Mr H. It has also supplied a copy of the finance sale checklist signed by BGNHL's representative. BGNHL has explained that there was a delay in its request for Mr H to sign the agreement due to credit checks. But once approval had been received, Mr H was asked to sign the agreement digitally. BGNHL also said that Mr H was sent an email on the day he signed the agreement with a link to a copy of the agreement and a password. As Mr H had made payments to V after the agreement was entered into, I consider that he must have signed the direct debit instruction form to enable payments to be made. It is more likely than not that he signed the loan agreement around the same time. As Mr H signed the agreement digitally, I can see that it would not be possible to supply him with an original signed paper agreement.

The loan agreement set out the interest rate and APR of 21.6%. It also showed that the loan was £2,604.24 and interest of £1,434.36 was payable over the five year term. Charges were also shown on the agreement. The agreement said that Mr H should read the terms and conditions carefully before signing the agreement, and that by signing the agreement, it meant that Mr H had received a copy of the pre-contract credit information. If he had not, it suggested he ask for it. I consider that Mr H was responsible for ensuring that he understood

what he was signing, or for raising questions about it if he was not. I cannot hold BGNHL responsible if he chose not to read it.

I also consider that Mr H should have realised from the amount of the monthly payment to be made over five years, that the interest rate could not have been 6.5%.

I note that BGNHL said that Mr H had phoned it four days after entering the agreement to cancel the agreement as he said that he had received a cheaper quote. As BGNHL offered Mr H a further discount to proceed, he did not cancel the agreement. On balance, it is more likely than not that interest rates would have been discussed during this call. But Mr H went ahead with the loan at a time when he could have cancelled it if he was unhappy with the interest rate. BGNHL said that it had sent Mr H a confirmation of this arrangement by email.

So, having carefully considered the circumstances of this complaint, on balance, I cannot safely conclude that there is enough evidence that Mr H was misled. So, I do not find that BGNHL has done anything wrong in rejecting Mr H's claim.

I appreciate that Mr H will be unhappy with my decision. But he is not bound by it. I note that he has already said that he intends to take the matter to court. If he does not wish to accept my decision, his legal rights remain intact.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 21 May 2015.

Roslyn Rawson
ombudsman