

complaint

Mr H complains that two lease agreements he entered into were mis-sold because:

1. the lease agreement does not allow for the computer equipment he hired to be upgraded;
2. the leasing arrangement was unsuitable given the size of his business;
3. the agreement was unaffordable; and
4. he was not informed about the interest rate or final repayment figure.

He also complains that the equipment with Shire Leasing Plc was not fit for the purpose for which he hired it and eventually failed.

background

In 2007, Mr H contacted a supplier to discuss leasing computer equipment for his business, of which he was sole principal. He says his main concern was that he should be able to upgrade the equipment when it became outdated. He says the supplier told him that the equipment would be regularly maintained and upgraded within the term of the lease. As a result, Mr H says he decided to enter into the lease arrangement instead of buying the equipment outright.

The supplier arranged the agreements for the hire of computer and other office equipment with Shire Leasing. Mr H signed Shire Leasing's agreements at the end of 2007, but they did not come into effect until February and April 2008. Shire Leasing immediately assigned each of the agreements to the current creditor on the dates they became effective. All of Mr H's payments have been made to the current creditor.

Mr H says that the sales and supply process was mismanaged and the delay caused problems for his business at the outset. He also says there were problems with the installation of the equipment. The server and back-up tapes did not work and he had to pay for these problems to be put right.

Mr H says around 18 months after placing the order the software became outdated and he contacted the current creditor to upgrade the equipment. He was told that he could only upgrade by entering into a new lease agreement incorporating the amount outstanding under the original lease, which he was unwilling to do.

In 2011, he says the laptop supplied began overheating and eventually stopped working altogether.

Mr H has also been unable to maintain the repayments at the levels set by the agreements. He believes the agreements were unaffordable from the outset and that the events outlined above have exacerbated his financial difficulties.

our initial findings

Our adjudicator originally considered Mr H's complaint that the agreements were unaffordable against Shire Leasing, rather than the current creditor, because Shire Leasing was named on the agreements and had carried out its own credit checks.

After the current creditor confirmed that it had been the creditor from the outset and had carried out its own credit checks, the adjudicator decided that it would be more appropriate to consider Mr H's complaint about affordability against it, rather than against Shire Leasing.

As Shire Leasing's role in the transaction was limited and it was not responsible for the decision to lend to Mr H, the adjudicator concluded that Shire Leasing had done nothing substantially wrong.

my findings

I have considered everything that has been said and provided to decide what is fair and reasonable in all the circumstances of the complaint.

Shire Leasing's role in this transaction was not entirely clear at the outset. It has since explained that it was essentially a broker between the supplier and the current creditor. So, although it carried out its own credit checks when it received Mr H's proposal from the supplier, it referred the 'deal' to other potential lenders.

It appears the current creditor was happy to take on the funding. Therefore, whilst Shire Leasing first executed the agreement in its own name, it then immediately assigned the agreement to the current creditor and has played no other role in the transaction.

The current creditor applied its own lending criteria in deciding whether to accept Mr H's application and has received all payments from Mr H as owner of the equipment and creditor under the lease agreements. I have therefore considered Mr H's complaint about affordability and the quality of the goods under his complaint against the current creditor.

Mr H has also complained separately about the mis-selling of the agreements against the supplier and this complaint is being investigated.

In the circumstances, there are no matters outstanding that I may consider against Shire Leasing.

my final decision

For the above reasons, my final decision is that I do not uphold Mr H's complaint against Shire Leasing.

Athena Pavlou
ombudsman