

complaint

Mr D and Miss L complain that Tesco Personal Finance PLC misled them about the interest rebate they would receive if they settled the loan early.

background

Mr D and Miss L took out a loan with Tesco in 2013. They contacted the bank before taking the loan and asked how much interest would be refunded if they settled the loan early. Mr D and Miss L say Tesco didn't explain the interest would be "front loaded". This was important to Mr D and Miss L as they say they intended to settle the loan early.

Tesco apologised for any incorrect information it may have given them during the call and paid Mr D and Miss L £50. But Tesco said it had calculated the early settlement figure correctly.

Our adjudicator didn't recommend that Mr D and Miss L's complaint be upheld. She wasn't persuaded that the incorrect information made too much of a difference to Mr D and Miss L as they took out another loan with Tesco on the same terms. And she was satisfied that Tesco had calculated the settlement figure correctly. Our adjudicator considered the bank's offer to pay £50 for any incorrect information was fair.

Mr D and Miss L are unhappy with the adjudicator's conclusions. They have pointed out that the fact they took out another loan on the same terms has no relevance to this complaint as they never intended to repay the new loan early.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In cases like this, where the evidence is inconclusive, I reach my decision on the balance of probabilities. That means I'll look at all the available evidence and decide what I think is most likely to have happened.

I appreciate that Mr D and Miss L consider they were given incorrect information by the bank. Mr D and Miss L say they weren't told they would pay more interest than capital at the start of the loan. And they understood that any un-used interest would be refunded less an administration fee.

It's unfortunate that Tesco doesn't have a record or recording of the call. I don't doubt what Mr D and Miss L say – it seems there was a misunderstanding about the interest. But I'm not persuaded that this means Tesco should be required to refund interest in the way that Mr D and Miss L would like. And I'm not certain that Mr D and Miss L would have decided not to take out the loan if there hadn't been a misunderstanding about the interest rebate.

Mr D and Miss L's loan agreement is subject to regulation, including the Consumer Credit Act. This means that information on the interest charged must be set out in a standard way. The agreement that Mr D and Miss L signed said interest would be charged over the term of the loan. This is added to the loan at the start of the agreement and is payable in equal instalments. And the pre-contract information says the loan is for a fixed term and that any rebate would be subject to charges. I'm satisfied that Tesco has calculated the rebate correctly. I find its payment of £50 in recognition of any misunderstanding during the call in 2013 is fair in the circumstances.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Miss L to accept or reject my decision before 6 November 2015.

Gemma Bowen
ombudsman