

## **complaint**

Mr K complains that Tesco Personal Finance PLC told him he couldn't pay off his loan early but he could've done. And it didn't answer his questions about overpayments. Mr K wants more compensation.

## **background**

Mr K tells us he took out a loan over the telephone in 2010 for around £14,000 over 60 months. He says he wasn't told he could make overpayments or pay off the loan early. He says he was specifically told he couldn't pay off the loan early when he asked. He also says Tesco didn't respond at all when he asked it if he could make overpayments every six months when he got a work bonus. He would like Tesco to refund the interest on the loan from when he would've been able to pay off the loan.

Tesco didn't have the call recording when Mr K took out the loan. But it said his loan agreement explained how he could repay the full loan early. And it sent him letters in 2011 and 2012 telling him the balance to repay the loan in full when he asked for it. Tesco offered and paid Mr K £60 as compensation for not giving him information he asked for and for the cost of the complaint calls.

Our adjudicator thought the complaint shouldn't be upheld because the loan agreement explained Mr K could settle the loan early. He also concluded that any overpayments wouldn't have reduced the interest payable – although he could make them. Mr K disagreed with the adjudicator's view and asked for the matter to be looked at again.

## **my findings**

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

Having done so, I've decided not to uphold the complaint and I'll explain why.

Unfortunately, there is no recording of the call from 2010 when Mr K took out his loan, so I don't know exactly what he was told. But I've seen the loan agreement which Mr K signed. And it does explain that a consumer can settle the loan early in the terms of the agreement. It also wrote to him in 2011 and 2012 about how to settle the loan early and how much to pay. So I think he did know about how to pay off the loan early and that he could do so.

But it doesn't look as though Tesco explained to Mr K whether he could make overpayments. Tesco has since explained to us that although he could make an overpayment, it wouldn't reduce the interest. He would only get a rebate on the interest if he had settled the loan in full. But Mr K also told us he couldn't afford to pay off the loan in one single payment – even with his work bonus. So whilst I do appreciate Mr K's frustration at not being told about overpayments, I don't think it would be right to make Tesco refund the interest from the date when he would've paid off the loan. I say this because Mr K told us he couldn't afford to pay off the loan in one single payment.

Taking everything into account, I think it was made clear that Mr K could pay the loan off early. And whilst I accept Tesco didn't answer his questions about making an overpayment, I don't agree that it should pay a rebate on the interest. So for the reasons I've explained above, I'm not going to uphold this complaint or Mr K's claim for more compensation.

**my final decision**

My final decision is that I do not uphold this complaint and I don't require Tesco Personal Finance PLC to do any thing more than it has already done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 November 2015.

Amrit Mangra  
**ombudsman**