

complaint

Mrs A feels that Manchester Credit Union Limited (MCU) has treated her unfairly in relation to the interest payable on a loan.

background

Mrs A is unhappy because she has been charged more interest on a loan than she thought. She accepts she's missed loan repayments but feels the way MCU has treated the interest element of her loan is unfair.

Mrs A complained and the adjudicator did not uphold it. Mrs A does not agree so this complaint has been passed to me.

my findings

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

Mrs A took a loan from MCU for £3000 in 2013. Some months later she missed repayments in some months of the repayment term. Mrs A thinks it's unfair that some of her subsequent repayments went purely to interest and didn't reduce the loan amount. As a consequence Mrs A thinks that she has overpaid interest on her account.

MCU has pointed to the fact that the interest is calculated on the basis of the outstanding balance of the loan. As a consequence when payments are missed the interest element due increases due to such missed payments.

Having considered all of Mrs A's arguments I note that she hasn't taken into account some things. For example she's put forward a spreadsheet of her calculations-however these don't properly apply the calculation of interest applicable when she missed payments. This has led to her calculations not correctly depicting the agreement made.

I also note that Mrs A makes the point about calculations being made daily when the agreement refers to interest being charged monthly. Clearly months are different lengths and so it seems reasonable to me for calculations to be broken down to a daily basis but applied on monthly basis as is the case here.

I've also considered the statement of account issued by MCU. I do not see any fundamental issue with the calculations it contains.

As a consequence of all this I see nothing fundamentally wrong in what MCU has done. So this complaint does not succeed.

My final decision

For the reasons I have explained, my final decision is that I do not uphold this complaint about Manchester Credit Union Limited.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs A to let me know whether she accepts or rejects my decision before 6 August 2015.

Rod Glyn-Thomas
ombudsman