

complaint

Mr H complains a loan was set up in his name by British Gas New Heating Limited ("British Gas") when he only intended to be the guarantor for the actual borrower.

background

A relative of Mr H bought some goods from British Gas, taking out a loan to pay for them. Mr H agreed to act as a guarantor for the loan, but British Gas arranged it in his name.

After a complaint was raised, British Gas agreed it had made a mistake. It offered to arrange for the loan to be unwound, and the payments made to it were to be repaid, with 8% interest. It also said it would pay Mr H £50 for the inconvenience caused.

Our adjudicator considered the complaint and said she thought the offer was fair. Mr H then agreed to accept it.

When British Gas contacted the lender, it explained the funds couldn't be returned to just one person, as payments had been made to the loan from different individuals.

But that wasn't how Mr H wanted the money to be returned, as he wanted a cheque for the full amount that he'd then distribute himself. However, the lender had already returned the payments, and wasn't able to retrieve the funds.

Our adjudicator then asked British Gas to arrange for the agreed settlement to be carried out correctly, but no material response was received.

As the requested payment still hasn't been made, the complaint was passed to me to look at.

my findings

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

As Mr H and British Gas have agreed a suitable way forward, I won't discuss the fairness of this offer. Instead, I'll focus on what needs to be done now to ensure matters are properly settled.

I appreciate there's a family dispute in the background of this complaint, which can only make things more difficult for Mr H. And I can understand why he'd want to be given a cheque for the full amount so he could ensure the money goes back to the people he believes it's owed to. However, I'm concerned that doing this would have implications for members of the family that aren't party to the complaint.

It's important to remember that Mr H is the person raising the complaint. So I can only make an order which affects him and British Gas. This means I can't tell British Gas to do something that could have an adverse effect on someone else.

The lender sent the money it'd received back to the accounts it came from, one of which was in the name of someone other than Mr H. I've also not seen any evidence the money was placed into that account solely for the purpose of paying the loan.

In the circumstances, I don't think it would be reasonable to expect British Gas, or the lender, to make the payment in the way Mr H prefers. This would mean the funds already returned to the third party would need to be retrieved, when it's possible the money rightly belongs to that person. Whether or not that's a fact isn't something for me to determine. It's enough to say it's possible.

As it stands, the money due to be repaid has already been returned. If Mr H and his family now dispute who's entitled to what proportion of the funds, this is something for them to sort out themselves.

my decision

To resolve this complaint I'm asking British Gas New Heating Limited to pay Mr H the £50 compensation it offered him, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 August 2016.

Ashley L B More
ombudsman