

complaint

Mr O complains that Riverside Credit Union Limited (RCU) treated him unfairly when it did not provide a start up loan for his business. Mr O asks for compensation for misleading him, wasting his time and the costs incurred in setting up his business. He also asks for a personal apology from RCU's employee.

background

Mr O contacted RCU about a loan. He said he did not want it to do a credit search and RCU said it would lend without one. RCU lost the business plan he gave it and he sent in a second one. It later told him a credit check was required and Mr O withdrew the application. He is unable to start his business due to lack of funds.

The adjudicator recommended that the complaint should be upheld. He said it was reasonable for RCU to require a credit search before offering a loan. RCU made an error when it told Mr O a credit search was not required. This meant he wasted time writing a business plan. The adjudicator said RCU should pay £150 to Mr O for the inconvenience it caused him. He said Mr O could have looked for finance elsewhere, so RCU had not caused the loss of his business.

Mr O did not agree. He said £150 was not enough compensation for his loss and the time taken over the loan application. He is now unemployed.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I don't think it was unreasonable for RCU to require a credit search. This is part of the information it uses when deciding whether to offer a loan. So, while it was disappointing for Mr O, I don't think RCU made an error when it said it needed a credit search.

RCU accepts that it gave Mr O incorrect information. It told him a credit search was not needed. As a result, Mr O wrote a business plan and sent it to RCU (and sent another copy when RCU lost it). If Mr O had known a credit search was needed, he would not have written the business plan. I find it fair and reasonable for RCU to pay £150 compensation for the inconvenience this caused.

I understand that Mr O needed a loan to start a new business. But I don't think it would be reasonable to require RCU to pay compensation for Mr O's losses relating to the business. Mr O could have looked elsewhere for a loan. Or he could have consented to RCU doing a credit search. I have not seen anything to persuade me that RCU's error in giving Mr O incorrect information caused him financial loss. So I don't think it would be reasonable to require it to pay more compensation.

my final decision

My decision is that I uphold this complaint. I order Riverside Credit Union Limited to pay £150 to Mr O.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 30 November 2015.

Ruth Stevenson
ombudsman