

## **complaint**

Mr S's complaint is about his fixed sum loan agreement with a third party ("T"). It was sold to him by British Gas New Heating Limited, trading as British Gas, ("BG") to finance the installation of a gas boiler. Mr S said that BG's sales consultant didn't fully explain the charges and monthly costs of the agreement.

## **background**

Mr S entered into an agreement with T in early August 2010 to finance the installation of a gas boiler at a cost of around £2,580. The agreement which Mr S signed said that the total amount payable was over £5,800 with 120 monthly repayments of around £48. Mr S said that he didn't know how long the agreement was for and he thought the agreement would have been for around 30 months. And he also said that if he had been told about the duration of the agreement, he would've used savings or other credit to pay for it. Mr S first complained about the installation in January 2011, but BG didn't let him have a final response letter until August 2015.

### *our adjudicator's view*

The adjudicator noted that BG had said that Mr S would've been shown a laptop presentation detailing the finance options and been given the agreement to review before signing it. Mr S said that after a discussion with BG's sales consultant, he was told to sign an agreement. The salesman only told him the monthly payment figure and Mr S assumed the agreement was for a shorter period. Mr S also explained that he had a sight problem at the time of the sale, so he would have needed help with reading the agreement.

The adjudicator had also seen evidence that Mr S had enough savings to have paid for the installation of the boiler without finance. But the adjudicator didn't think that the finance agreement was mis-sold to Mr S by BG, and he noted that Mr S hadn't told BG about his sight problems.

But the adjudicator also noted that Mr S had written several complaint letters to BG, the first dated 12 January 2011, although he thought that BG hadn't addressed Mr S's concerns until August 2015. The adjudicator was satisfied that Mr S would've settled the agreement, once he had been told by BG that he could do so. So he didn't think that the complaint would've come to this service if BG had dealt more promptly with the complaint. The adjudicator explained that when Mr S settled the agreement in August 2015, he'd paid just over £4,200. But the settlement figure in January 2011 would've been around £2,780. So he said that BG should pay Mr S the actual difference of £1,430.02 plus 8% simple interest from 12 January 2011 (the date of the first complaint) to 19 August 2015 (the date Mr S settled the finance agreement). And BG should also pay £200 for the worry and inconvenience this drawn out process had caused Mr S.

BG disagreed and responded to say in summary that:

- It had no record of a complaint being received by it on or around 12 January 2011. Its records showed that a complaint was first logged on 8 March 2011;
- Its records showed that the complaint was then investigated and that contact was made with Mr S. The complaint was closed on 5 May 2011, as it had lost contact with Mr S and he had not responded to its letters.
- Having reviewed the complaint details recorded on its system, it appeared that the complaint was about the installation itself and not the finance agreement and/or the



interest that was payable. It didn't have any record of Mr S raising any issues with regards to the finance agreement until 2015;

- Mr S was provided with the relevant information at the point of sale; and
- It would have provided the agreement in larger print or read it to him if it had known about his sight problems.

*my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr S and to BG on 17 December 2015. I summarise my findings:

I had seen Mr S's three 2011 complaint letters, each of which was written to a different address for BG. As the first letter in January 2011 may not have been sent to the correct location, I could understand that the correct department may not have received the first letter, and I noted that BG's contact records showed no reference to the letter.

I had also carefully read each of Mr S's three letters in 2011 and I agreed with BG that it appeared that the complaint was only about the installation, as there was no mention in them of an issue with the finance agreement.

I noted from BG's contact notes that it did respond to Mr S's letter of 1 March 2011, which it received on 8 March 2011. It had written to Mr S on 15 March 2011. It wrote again on 30 March 2011 to ask about the reason for Mr S requiring a meeting with BG's sales representative, as it needed to know this before dealing with the matter. I didn't think that this was an unreasonable request, although I didn't know if Mr S had received this letter as no response was provided to it.

I could also see that a meeting was arranged at Mr S's flat on 13 April 2011 when BG had visited to inspect the installation. Following this, BG had written to Mr S again in late April 2011 and early May 2011 and had called again at his flat, but with no response. So, I didn't think that it had acted inappropriately in closing the complaint in May 2011. And I didn't think that the adjudicator was correct in saying that BG hadn't engaged with Mr S following his complaint.

I noted that Mr S then suffered health issues, and had raised the matter with BG again in 2015, when he referred to the monthly payments. He had also said that he wasn't aware of the interest rate, the amount of interest to be paid and the length of the agreement. In addition, he had said that he could've paid cash for the installation as he had enough savings to pay for this.

I had seen the pre-contract information and the fixed sum loan agreement, both signed by Mr S. These had clearly set out the information about the interest rate, monthly payments and the number of payments to be made and the amount of interest payable. I noted that Mr S had said that he didn't read the agreement, but if he was unable to read it, I thought it would've been reasonable for him to ask for this information before signing the agreement. As a copy of the agreement was left with him, he could also have asked someone to read it to him. If he was unhappy with the terms, he could've cancelled the agreement within the fourteen day cancellation period.

I also noted that the adjudicator had felt that if Mr S had known that he could've settled the agreement earlier and paid less, he would have done so as he had enough money in his savings account. But I noted that both the pre-contract information and the loan agreement



included information about Mr S's right to settle the agreement at any time and to pay off what was owed. Information could also be obtained from Trading Standards and the Citizens Advice Bureaux about this. I also noted that each of the annual loan statements sent to Mr S contained information about his right to settle the loan early. So, I didn't agree with the adjudicator that Mr S wouldn't have known this was an option open to him before 2015.

Mr S had said that he didn't receive the presentation about finance which BG said he should've received. As the sales representative from BG no longer works for it, I had seen no evidence from BG as to what had happened at the point of sale. But I could see that the presentation clearly showed that the finance method was flexible and that Mr S could've paid extra payments at any time to reduce the amount of interest payable and the length of the agreement.

I could also see that BG gave Mr S two different quotations with two different prices, one for cash in July 2010 quoting a price of almost £3,100 and requiring a ten per cent deposit, and the second in August 2010 using a finance agreement and quoting a lower price of almost £2,600. So, I thought it likely that Mr S knew that he could've paid cash for the new installation but at a higher price, and chose to pay the lower price with a finance agreement.

So, for the above reasons, I didn't think that BG had acted inappropriately, and so I wasn't minded to uphold this complaint.

BG has not provided any further information.

Mr S disagreed and responded to say, in summary, that the two quotations were done on the same day, and that the second was done after he had refused the first. He confirmed that he hadn't received a laptop presentation from BG. He said that he was told that the monthly payments would be £48.46 but no other key points were discussed. He was unhappy with BG's attitude and its inappropriate response to his complaint.

### **my findings**

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

I have considered Mr S's additional points, but other than being told that the two quotations were done on the same day, I don't think Mr S has provided any new information. And I don't think that the two quotations being done on the same day affects my provisional decision. So, for the reasons shown above, I am satisfied that the proposed resolution in my provisional decision is fair in all the circumstances, and I find no basis to depart from my earlier conclusions.

I appreciate that Mr S will be unhappy with my decision. But, he isn't bound by it. If he doesn't wish to accept my decision, his legal rights remain intact.

### **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 S to accept or reject my decision before 29 February 2016.



Roslyn Rawson  
**ombudsman**