complaint

Mr H complains that he was encouraged by Park Leisure 2000 Limited to trade up to two new static caravan holiday homes and enter into finance agreements which were unaffordable.

background

Mr H owned a 2012 model Willerby holiday home at a park owned by Park Leisure 2000 Limited. In early 2014 Mr H part exchanged the Willerby for a new 2014 model Vermont. The Vermont cost £54,379 and Mr H received £9000 in part exchange for the Willerby. Mr H paid £4610 in cash leaving a balance of £40,769 to pay in respect of which he entered into a finance agreement. During the credit application process Mr H's income was represented as £29,988.

In late 2014 Mr H part exchanged the Vermont for a new model Ambleside. The Ambleside cost £74,000. Mr H received £40,000 part exchange for the Vermont which left £33.25 equity once the finance had been settled. Mr H paid a further £21,000 in cash and Park Leisure made a deposit contribution of £3000 leaving a balance of £49,966.75 to pay in respect of which Mr H entered into a finance agreement. During the credit application proves Mr H's income was represented as £51,000.

In early 2015 Mr H part exchanged the Ambleside for a new 2015 model Pemberton. The Pemberton cost £99,995. Mr H received £65,000 part exchange for the Ambleside leaving £15,508 equity once the outstanding finance had been settled. Mr H paid a further £5,780 in cash and Park Leisure made a £4,220 deposit contribution leaving a balance of £74,487 to pay in respect of which Mr H entered into a finance agreement. During the credit application process Mr H's income was represented as £60,000.

During a review Park Leisure discovered that Mr H's income had been misrepresented during the credit application process. Mr H's actual income at the time of all three applications was £23,092. Park Leisure contacted the finance providers and asked them to reconsider the loan applications with the correct income information. The outcome was that the first and third loans would still have been offered but the second loan would have been declined.

Park Leisure concluded that Mr H's income had been misrepresented. It offered to put Mr H back in the position that he would have been in had he not made the second purchase and offered a redress payment of £7,100.14.

Mr H wants to be returned to the position he was in before the second and third loans.
He says he would not have purchased the Pemberton if he'd known that his income had been misrepresented. He said that both he and his wife were forced to adjust their financial situation in order to meet the loan repayments on the third loan. Mr H feels that he was mis-sold both the Ambleside and the Pemberton. He said the Pemberton loan was unaffordable given his age and income.

The investigator didn't uphold the complaint. He said there were no grounds for Park Leisure to offer compensation beyond that which had been offered because on the evidence the Pemberton loan was affordable at the time it was approved.

Mr H didn't agree so I've been asked to make a final decision.

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've looked at all three agreements together with the evidence from Barclays and Black Horse regarding whether Mr H would have been approved for the loans based on his actual income of £23,092. The evidence shows that Mr H's income was misrepresented in all three applications and that the Vermont and Pemberton loans would still have been approved on actual income figures but the Ambleside loan would not have been approved.

I appreciate that the Pemberton loan was substantially larger than the Ambleside loan and it initially appears strange that the larger loan would have been approved on actual income figures whereas the smaller loan would not. But the two loans are with different providers who almost certainly have different lending criteria.

I've looked at whether the Pemberton loan was affordable at the time it was approved. The monthly repayment on the Pemberton loan is £962.92. I can see that Mr H has always paid the monthly payment on time. On his actual income of £23,092 Mr H has a monthly income of approximately £1,924. So the loan repayments are approximately 50% of his net monthly income. I can see that Black Horse reassessed the affordability of the Pemberton loan based on these figures and also took into account information about Mr H's outgoings. It concluded the loan was affordable and that Mr H would have qualified for the loan with disposable income to spare each month.

Based on the available information I'm unable to say that the Pemberton loan was unaffordable. So I won't be asking Park Leisure to unwind the Pemberton finance agreement. I think the offer of redress made by Park Leisure in respect of the Ambleside loan is fair.

my final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 July 2018.

Emma Davy
ombudsman