

The complaint

Mr P complains that Metro Bank PLC trading as RateSetter failed to properly advise him after he cancelled a loan.

What happened

In June 2023 Mr P was looking to buy a van. After seeing a suitable vehicle on social media he applied for a loan which was financed by RateSetter through a broker. The loan was for £3,500 payable over 60 months at an annual percentage rate (APR) of 10.90%. Mr P said he was told by the broker the funds would be in his bank account on the Saturday. But the funds didn't credit his account and he wasn't able to purchase the vehicle he wanted.

He contacted RateSetter and was told that they didn't send funds on weekends and bank holidays, only working days. Mr P said he cancelled the loan. But within a couple of days, he saw another suitable vehicle and asked for the loan to be reinstated. He said he was told this couldn't be done and that he wasn't able to apply for a loan through RateSetter for several days. Mr P said this meant he had to get a loan elsewhere, so he didn't lose this vehicle, but the interest rate he got was higher 25.10% APR. He said he'd suffered a financial loss because of RateSetter's poor customer service, and this had also caused him distress and inconvenience. He complained to RateSetter.

RateSetter said the agreement signed by Mr P clearly states the funds would be paid the next working day by 6pm. As the loan was approved and the agreement signed on a Friday, 30 June 2023 the funds wouldn't be released until the following Monday – 03 July 2023. They confirmed that Mr P had returned the funds plus daily interest to settle the account and that the loan account was settled by 06 July 2023.

Mr P wasn't happy with RateSetter's response as he said he wasn't told that when he returned the funds he couldn't ask for another loan until the previous loan account was settled. He said this meant he'd had to get a loan elsewhere at a higher rate. And this had caused him distress and inconvenience as getting the vehicle was time critical for him. He referred his complaint to us.

Our investigator understood Mr P's frustration but said that RateSetter had acted fairly.

Mr P didn't agree he said RateSetter had failed to tell him the implications of cancelling the loan. He asked for an ombudsman to decide.

What I've decided – and why

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

I can understand Mr P's frustration as he needed to get a suitable vehicle for upcoming events. But in reaching my decision I need to determine whether RateSetter has done something wrong and I don't consider that they have. So having considered the evidence I am not upholding this complaint. I'll explain why.

Mr P applied for a loan with RateSetter on 28 June 2023. I can see a Fixed Sum Loan agreement between RateSetter and Mr P was approved on 30 June 2023. The loan was for £3,500 with an APR of 10.90%, the total amount repayable was £4,503 over 60 months with monthly repayments of £75.05.

The main crux of Mr P's complaint is that by not receiving the funds by the weekend as he said he was told he would he wasn't able to purchase the vehicle he'd wanted.

I can see that the Fixed Loan sum agreement that Mr P signed on 30 June 2023 clearly says

"The credit will be provided to you by bank transfer before 6pm on the working day following the date of the Agreement."

As the agreement was signed on a Friday this meant the funds would be paid into Mr P's bank account the following Monday – the following working day - before 6pm. And this is what happened. I can also see that an email was sent to Mr P, 30 June 2023 that reiterated when the payment would reach his account. So, I can't say that RateSetter did anything wrong. I know Mr P has complained to the broker who he said advised him the payment would be in his account by the Saturday, so I won't comment further about this as I'm only considering the complaint about RateSetter.

I've listened to the call between Mr P and RateSetter that he made on the Monday, 03 July 2023. Mr P makes clear he isn't happy about what has happened and that he'd lost the opportunity to buy the vehicle he wanted. He said he wanted to cancel the loan. RateSetter confirmed he'd been advised incorrectly as they only processed funds on a working day. He was also told it was too late to cancel, as the monies would be in his account that day by 6pm. But that he'd the right to withdraw from the agreement and to do this he needed to return the funds plus daily accrued interest within 30 days. It was also explained that if the funds were returned after 30 days a loan fee would also have to be paid, alongside the loan amount and daily accrued interest. Mr P was told that a payment link would be sent to him which would be valid for seven days so that he could return the funds. Mr P asked whether any interest would accrue if the funds were returned the same day, and he's told the settlement amount if acted that day would be £3,501.56. And that this amount would change each day as the daily interest was added.

Mr P wanted to raise a complaint as he wanted RateSetter to get the broker to reimburse him for his financial loss as he'd now would have to hire a van. As mentioned previously I won't comment on Mr P's complaint with the broker. But will say that RateSetter captured in the call all the points Mr P wanted to complain about and that they'd repeated back to him the resolution he was looking for.

Mr P went to end the call as he was at work, but RateSetter said they needed to explain to him that his complaint would take five working days. And that once the settlement amount for the loan was received back it would show as "*pending*" for two working days so that his loan account could be adjusted to prevent any direct debits being taken from him.

So I'm satisfied from this call that it was made clear to Mr P that there was a couple of days adjustment required on the return of the loan amount.

I can see that a payment of £3,502.08 was applied to the loan account on 06 July 2023. And the loan account closed on 13 July 2023. The loan fee of £500.85 wasn't charged when the account was closed.

As the settlement amount Mr P paid was £3,502.08, I think this shows that the loan and interest wasn't returned that day – 03 July 2023 - but the following day – 04 July 2023 - and

with the two working day adjustment, his account wouldn't have been settled until 06 July 2023. And this is what happened. As Mr P returned the funds within the 30 days no loan fee was charged to him.

I know Mr P quickly found a suitable vehicle and wanted a loan for this. But he's told in the second call he made to RateSetter that he can't reapply for another loan until after midday on 06 July 2023. And this is in line with what Mr P was told in the previous call as the returned loan amount would be treated as pending for a couple of days to allow for adjustments to be made. As I don't think RateSetter acted unfairly or unreasonably in their actions I'm satisfied they did what they'd told Mr P they would do.

I know Mr P will be disappointed by my decision, but I can't say RateSetter has acted unfairly or unreasonably. I'm satisfied they acted on Mr P's instructions and made him aware of what he needed to do to withdraw from the agreement and the timescales for his loan agreement to be settled. I can see that Mr P got a loan elsewhere for a higher APR, but I can't hold RateSetter accountable for the financial impact this had on Mr P, as they'd also made clear to him when he could reapply with them for a loan.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 24 February 2024.

Anne Scarr
Ombudsman