

The complaint

Mr W has complained about the service he received from Pure Commercial Finance Limited trading as Pure Property Finance when he wanted to apply for a secured loan on his property.

What happened

On 4 March 2022 Mr W made an online enquiry with Pure. He said he was after advice and options as he'd accrued debt and he was looking to get out of it, either with a remortgage or a secured loan.

Pure spoke to Mr W on 9 March and it was recorded that he wanted to consolidate four credit cards. The notes also indicate he told Pure he had a shared ownership property of which he owned 80%. Pure sent an email to Mr W that day to say it had found a potential option for him. It quoted a £30,000 loan over 20 years on a repayment basis, with an interest rate of 5.45% and monthly repayments of £235.

On 10 March Mr W emailed Pure to ask what the maximum loan amount and loan term would be as he wanted to invest in another property. He said a house in multiple occupation ("HMO") property had come on the market with sitting tenants and would give a good monthly profit.

Pure confirmed the maximum loan amount would be £88,000 and that Mr W would also need to repay all his outstanding credit commitments from that.

Nothing happened for a few weeks, with Pure chasing Mr W up, and then on 31 March Mr W said that the property needed too many repairs so it was no longer an option. He asked if he could instead get a loan to clear his debts and buy a new car. Pure said that was acceptable in theory, and said it would need to speak to Mr W to discuss it. That conversation took place on 5 April and the following day Pure sent an email to Mr W with an illustration for a loan of £45,000 and asked him to complete some paperwork, and provide some documents.

On 19 April Mr W confirmed he would like to go ahead, and asked what he needed to do. Pure responded to say it needed Mr W to provide the documents that it had set out in its email of 6 April.

Mr W provided that information over the next few weeks, but due to having problems with the formatting of one of the documents the last of the required information wasn't received by Pure until 7 May.

Over the next few months Mr W chased up the adviser at Pure, and then on 25 July he asked what was happening as his car was due its MOT and needed a lot of work. He said he didn't want to put himself in more financial difficulty repairing the car if he was going to have the loan soon.

On 15 August Mr W spoke to Pure and was told the adviser he'd been dealing with had left the company. Another adviser picked it up and, on 16 August, emailed Mr W to check that the shared ownership company would allow the lending to proceed.

It was confirmed that the shared ownership company wouldn't give its consent for the loan and so the application couldn't proceed. Mr W raised a complaint with Pure.

Mr W told Pure that he wanted advice as he was in debt, and was going to struggle to keep making the monthly payments. He said he was looking at consolidating them and paying a small amount each month. He said he needed the loan by July otherwise he was going to start missing payments, which would impact his credit file. Mr W said that if he'd been told sooner that he couldn't get this secured loan, then he would have got an unsecured loan before his credit file was impacted.

Pure acknowledged that nothing had happened after Mr W submitted the last of the documents at the start of May and it apologised to Mr W for that. It also said the adviser should have checked if the shared ownership provider would provide its consent much earlier in the process. It offered £200 compensation for the failings it had identified.

Mr W referred the complaint to our service. Our Investigator said that Pure should increase its payment from £200 to £600 in recognition of the significant distress and inconvenience that was caused to Mr W. However, he didn't think that even if Mr W had been told sooner that he wasn't able to take a secured loan that it would have made any difference to Mr W's overall situation. That's because he didn't think Mr W would have been able to get unsecured borrowing that would have had a lower monthly payment for him, which is what he needed.

Pure said it was willing to accept an increase from £200 to £600 without accepting any liability in regard to Mr W's complaint or current circumstances. Mr W reiterated the stress this matter had caused him. As an agreement couldn't be reached the case has been passed to me 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 recognise that Mr W feels very strongly about this, and I thank him for the frankness and detail of his submissions. He's clearly been through some very difficult times. I won't detail everything that he's told us here to protect his privacy, however I can assure Mr W that I've read and understood everything and taken it all into account.

I trust Mr W won't take it as a discourtesy that I've condensed this complaint in the way that I have. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

I understand our Investigator's findings were disappointing. It's the nature of what we do that we generally have to find in favour of one party or the other. Our findings are based on consideration of all the facts and all the submissions made by both parties. We look at what happened and decide whether, bearing in mind any relevant law, regulations, and good industry practice, the lender acted fairly and reasonably. We also have to decide, if we think something went wrong, whether it is more likely than not that the situation now would have been any different if nothing had gone wrong.

It's not in dispute that Pure got things wrong here both in not checking Mr W could get consent for a secured loan at the start of the process, and in matters not being progressed between May and August 2022. As this has been accepted by both sides, I won't make any further comment about that and instead I'll focus on what needs to be done to put things right.

Having considered everything very carefully I agree with our Investigator that even if Mr W had been aware sooner that he wouldn't be able to get a secured loan due to his shared ownership provider not giving its consent to a subsequent charge being registered I don't think it would have changed the overall position Mr W was in.

Mr W has been clear that he needed to reduce his outgoings, and based on the amount he would have needed to borrow, the shorter loan term available on unsecured borrowing and the likely interest rate on unsecured borrowing I don't think he would have been able to achieve his aim through unsecured borrowing. And secured lending wasn't an option because his shared ownership provider wasn't willing to give its consent to that. So, even if Mr W had been told much sooner than he was that this loan couldn't proceed, I don't think it is likely Mr W would have been in a different position to the one he found himself in, in August 2022.

That said, Mr W was put to a significant amount of inconvenience and, due to his personal circumstances that Pure was aware of, I think this would have caused Mr W a great deal of distress and worry. Pure wasn't returning his calls or emails, and Mr W had explained what he needed the funds for and that timescales were important to him.

Having considered what both sides have said very carefully, I agree with our Investigator that total compensation of £600 is due for the distress and inconvenience caused to Mr W in this matter.

My final decision

I uphold this complaint and order Pure Commercial Finance Limited trading as Pure Property Finance to pay £600 compensation to Mr W (less any amounts Mr W has already received for this matter).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 April 2024.

Julia Meadows
Ombudsman