

The complaint

Mr A complains that Harvey & Thompson Limited (H&T) lent to him irresponsibly.

What happened

On 14 February 2023, Mr A took out a loan for £750 from H&T. He pledged a watch against the loan. The terms were that the loan had to be repaid by 14 August 2023, total amount payable £1,150.95 and the APR was 137% per annum. Interest payable was £400.95.

Mr A complained that he had a medical condition when he took the loan which meant he didn't understand the terms of the agreement. He provided a GP's letter dated 11 October 2023 which said that when Mr A took out the loan, he wouldn't have been in a position to manage his financial affairs. The letter said he didn't have the capacity to make an informed decision about his financial commitments; and he would've needed assistance to make such decisions – as he couldn't have made those independently.

He says H&T should refund the interest he's paid on the loan. Mr H told us he's repaid the loan.

H&T said they followed their processes when agreeing the loan and didn't uphold Mr A's complaint.

Our investigator didn't uphold Mr A's complaint. He said H&T couldn't have been aware of Mr A's situation at the time the loan was agreed, so they weren't to know he wasn't able to manage his financial affairs.

Mr A asked that an ombudsman look at his complaint and so it has come to me to make a final decision.

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.

The crux of this complaint is - what H&T knew about Mr A's illness at the time. If H&T were aware of Mr A's lack of capacity in February 2023 (when the loan was agreed), then the firm should've taken this into account when making its ending decision.

H&T sent us the customer notes for Mr A – and they do not record any reference to Mr A's illness.

I reviewed the letter from Mr A's GP. This is dated 11 October 2023, and therefore was eight months after the loan was agreed. While the letter does say Mr A couldn't have had the capacity to make an independent financial decision in February 2023 (when he took out the loan), for me to consider the loan was made irresponsibly – I must be sure that H&T knew about his illness at the time the loan was agreed. If they did then we would expect them to have taken this into account.

But – I've not seen any evidence that H&T did have such knowledge. And the firm therefore reasonably applied their normal lending criteria. Mr A also said to us that he doubted that H&T were aware of his condition.

And therefore, because of this, I can't say the loan was provided irresponsibly or that interest should be refunded.

Mr A has complained that our investigator asked for his medical records (in addition to the GP's letter) and I will comment on that. I've reviewed the complaint file, and I'm satisfied that we asked Mr A for such records simply to try to gather as much information as possible in order to assess his complaint. I'm sorry that Mr A found the request inappropriate, but I'm satisfied the request was made with the best intentions.

I'm sorry that Mr A has gone through a difficult time. But having considered his complaint, I'm satisfied that there's no evidence that H&T lent to him irresponsibly in the way Mr A suggests - and therefore I'm not asking the firm to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 July 2024.

Martin Lord
Ombudsman