

The complaint

Mr J complains that HSBC UK Bank Plc trading as first direct mis-sold him a loan and didn't make reasonable adjustments given his circumstances.

What happened

Mr J applied for a £4,000 loan from First Direct in September 2022 and this was agreed on 7 October 2022. He thought the loan was mis-sold as he wasn't provided with enough information about how the interest was applied. He said that although he paid the loan back early, he didn't get any interest rebate and that First Direct didn't make reasonable adjustments based on his disabilities and financial loss.

First Direct issued a final response dated 4 January 2024 not upholding Mr J's complaint. It said that the loan agreement that Mr J signed included a section about how interest was charged and how any interest rebate would work if the loan was settled early. It said that when Mr J requested a settlement figure, he had already made 13 of the 15 payments due under the loan agreement and the remaining loan term was less than 28 days and one month (which was the amount of interest compensation that was allowed to be charged under the Consumer Credit Act on early settlement). Therefore, no rebate was due.

First Direct said that Mr J repaid the loan, and it was closed on 27 December 2023. He complained he wasn't sent an acknowledgement that the loan had been repaid by text, email or through the app. First Direct said its policy was to post the closing statement which it did.

Mr J also complained to First Direct about a call on 12 December 2023, when he wanted to speak to the Executive Relations Team. First Direct said there was an issue with the line as its agent confirmed they couldn't hear Mr J and asked for Mr J to call back. It said there wasn't a record of Mr J calling back. While it didn't accept it had done anything wrong it apologised for any frustration this caused Mr J.

Mr J wasn't satisfied with First Direct's response and he referred his complaint to this service. He said that he was caused financial loss when settling the loan early and that his credit report wasn't updated to show the loan as settled.

Our investigator noted Mr J's comment about First Direct breaching regulatory acts but explained that it isn't our role to decide if these acts had been breached, that was a matter for the courts, but that we could consider if First Direct had acted fairly and reasonably in its actions. He noted Mr J's comment about reasonable adjustments not being made but said that he hadn't seen evidence that First Direct was aware of Mr J's disabilities when he applied for the loan. He said First Direct became aware of Mr J's medical conditions on a call on 7 October 2022 when Mr J provided details and at this point the information was noted on First Direct's internal systems.

Regarding the early settlement of the loan, our investigator was satisfied that First Direct didn't need to repay any interest based on when the loan was settled. He asked First Direct about how the loan was being reported to the credit reference agencies and it provided evidence to show that it had reported the loan as having been settled on 27 December 2023.

Based on the above, our investigator didn't uphold this complaint.

Mr J didn't accept that his complaint had been properly investigated and requested it be reviewed by an ombudsman.

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 see that Mr J has been frustrated by the issues he has raised in this complaint, and I can assure him that I have considered all of the information provided in reaching my conclusions. I take all relevant rules, regulations and guidance into account in my assessment, but my decision is based on what I consider fair and reasonable given the unique circumstances of the complaint.

Mr J has said that First Direct has breached the Equality Act 2010 by not providing him with reasonable adjustments. While we take any allegation of discrimination seriously, I should first explain that we are an informal dispute resolution service, meaning we don't have the power to decide whether or not First Direct is in breach of the Equality Act 2010, as only a court has the power to do this. What we can do is take relevant law and regulation into account when deciding what's fair and reasonable in the circumstances of a complaint.

Mr J has explained his medical conditions and I can see that a note was added to First Direct's internal systems on 7 October 2022, which set out his circumstances and the approach that was needed. I find that this was reasonable, and I would expect that First Direct would ensure that it treated Mr J with the appropriate level of care given his conditions. I haven't seen any evidence to show that First Direct was aware of Mr J's disabilities when he first applied for the loan. So, in this case I think that First Direct has taken the appropriate action by recording Mr J's needs when it became aware of them.

Mr J is upset that while he settled his loan early, he was still required to pay the same amount. He has complained that he wasn't given the full details of how interest was charged. While I can understand why Mr J has raised these concerns, his loan agreement clearly set out how interest would be charged and the cost of this. It also set out what would happen if the loan was settled early, explaining that if the loan was repaid in full, the formula in the regulations allows interest to be charged up to 28 days after notice of the settlement is given, plus an additional month if the loan is repayable over a period of more than 12 months. In this case, Mr J's loan was repayable over 15 months. As Mr J had less than one month and 28 days remaining on his loan when he settled it, he wasn't due any interest rebate. I can appreciate why Mr J has challenged this but as First Direct set out in its terms how any interest refund would be calculated in the event of an early settlement, and this is in line with the early settlement regulations, I cannot say that it did anything wrong or treated Mr J unfairly.

Mr J was also concerned that his credit file hadn't been updated after he repaid the loan. It can take time for updates to show on a credit file but First Direct has provided evidence that it has updated Mr J's account to show the loan as being settled on 27 December 2023. Therefore, I find it has taken the required action.

Mr J also complained to First Direct about how he was treated when he called in December 2023. I have listened to the calls provided and I can hear that on one call the agent isn't able to hear Mr J and tells him this. As they aren't able to hear I can't say they were wrong to tell Mr J they were disconnecting the call and he should call back.

In conclusion, I do not find I can say that First Direct has done anything wrong in response to Mr J settling his loan early. I also find it has recorded the additional care needs Mr J has and I would expect it to treat Mr J according to his needs.

Based on the above, I do not uphold this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 31 July 2024.

Jane Archer
Ombudsman