

## **The complaint**

Mr G is complaining about Metro Bank PLC trading as RateSetter because he says it lent irresponsibly when offering him a loan he couldn't afford.

## **What happened**

In August 2023, Mr G took a loan for £7,500 with RateSetter.

Following his subsequent complaint, RateSetter accepted it shouldn't have lent and agreed to remove all fees and interest from the loan so Mr G only has to repay the amount borrowed less the payments he's already made. It also offered to amend his credit file to remove details of the loan and invited him to discuss arrangements for an affordable repayment plan.

Our investigator didn't conclude the complaint should be upheld as he felt RateSetter had already taken appropriate steps to resolve the complaint that are in line with our normal approach where we conclude a business has lent irresponsibly.

Mr G didn't accept the investigator's assessment. He believes the loan should be written off entirely as it has put him into financial difficulty and thinks the proposed outcome isn't appropriate punishment for RateSetter's actions.

The complaint has now been referred to me for review.

## **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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that the loan shouldn't have been offered and the only issue I need to consider is how RateSetter should put things right.

It's important to understand that the Financial Ombudsman Service isn't the regulator and we don't have the power to fine or otherwise punish a business for its actions. Instead, the principal aim of any award I make must be to return Mr G to the position he'd now be in but for the errors or inappropriate actions of RateSetter. But that's not entirely possible here as the lending provided can't be undone.

Because I don't think RateSetter should have lent to Mr G, I don't think it's fair for him to pay interest or charges on the amount borrowed. I also don't think his credit file should be adversely affected by the loan. But he has had use of the money that was lent, so I think it's fair he repays the amount borrowed (without the addition of interest or charges).

By removing all fees and interest from the loan and requiring only repayment of the amount borrowed (less the repayments already made by Mr G), I'm satisfied RateSetter has already taken appropriate steps to address this complaint. As I said above, it's also agreed to make appropriate amendments to his credit file.

I appreciate maintaining the contractual loan repayment may be difficult for Mr G and I'd expect RateSetter to deal with this situation positively and sympathetically so he's only paying back what he can afford each month. I note it's already offered to discuss an affordable repayment plan and I'd encourage Mr G to take up that offer.

Taking everything into account, I'm satisfied RateSetter has already taken appropriate steps to resolve the complaint that are in line with our normal approach to this type of complaint. It's for this reason that I'm not upholding the complaint. I realise this outcome will be disappointing for Mr G, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation is helpful.

### **My final decision**

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 June 2024.

James Biles  
**Ombudsman**