

The complaint

Mr M is unhappy that MONY Group Financial Limited trading as MoneySuperMarket (MSM) told him he was pre-approved for a personal loan at a certain interest rate, but when he actually applied with the lender the interest rate was considerably higher.

What happened

In December 2023, Mr M used MSM to source a personal loan. Mr M says he was informed that he had been pre-approved for a loan with various lenders, but the best rate on offer was with a lender I shall call 'J'. Mr M therefore completed an application with J directly and was approved. However, the interest rate increased significantly from what MSM originally said he would receive.

Unhappy with this, Mr M complained to MSM. He says that MSM told him the loan and rate were pre-approved, but this wasn't the case after he applied with J. MSM initially responded to say it believed the complaint was J's responsibility. Mr M didn't agree and asked MSM to consider the matter again. MSM again suggested the interest rate offered was J's decision and therefore Mr M needed to go to it. Mr M advised he had raised the matter with J, but that MSM is also responsible as the loan offer was advertised as pre-approved on its website and not just at a higher chance of acceptance.

MSM issued responses to the complaint that advised its 'eligibility checker' is an indication only and all applications are still subject to the actual lender's checks. MSM said that under the 'more info' tab, it says that being pre-approved is still subject to passing the lenders final checks. MSM explained its messaging could've been clearer and offered a £25 voucher for certain high street stores as a gesture of goodwill for the inconvenience caused.

Mr M replied and said the loan and interest rate were guaranteed. However, despite clearing all the required hurdles, he didn't end up being offered the advertised rate. Therefore, he declined MSM offer of a £25 voucher and asked it to reconsider the compensation.

Following this, MSM issued one last response explaining it had gone to J to find out why the original interest rate wasn't offered. MSM detailed J's response, which included the results displayed by MSM at that stage of the application were correct. However, when the full application was made on J's website, full bureau data was not returned (namely Mr M's address) which resulted in a reduced score and an increase to the interest rate.

Mr M didn't agree and said he hadn't entered his address incorrectly and would be referring the matter to the Financial Ombudsman Service. MSM clarified that when pre-approving the loan and interest rate full bureau data had been received and therefore what it advertised was accurate. But when J did its further checks, full data wasn't returned. This resulted in the increase and that wasn't down to any error on MSM's part.

Mr M referred the complaint to our service, and it was considered by one of our investigators. They said MSM's 'more info' did explain that any application is still subject to final checks. They also explained that they were satisfied MSM hadn't made an error when providing the initial quote and saying this was pre-approved.

Mr M didn't agree. In summary he said he had been pre-approved, and he met the further conditions given. Therefore, he didn't get what was advertised and MSM should pay him more than the £25 of vouchers that it previously offered.

As Mr M didn't agree, the complaint 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 would also like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr M has explained he has also raised a complaint with J. However, in this case I'm only considering the actions of MSM.

MSM's website under the 'more info' tab explains that being guaranteed to get the loan was still subject to providing the same details and passing final checks from the lender. These checks included "*fraud and money laundering*". While I appreciate this information could've been clearer on MSM website, Mr M has confirmed he did check all the additional tabs when making his application, so he would've been aware of this.

Mr M has confirmed he input the same data when applying with J, and I have no reason to doubt this. He has also said he wasn't found to be engaging in fraud or money laundering but still didn't get the advertised interest rate. While fraud and money laundering checks are listed, these are detailed as being included in the final checks a lender will carry out. So, I'm satisfied there are other checks that lenders will carry out aside from fraud and money laundering. These checks may still cause applications to be declined or provided at a different rate of interest, regardless of MSM advising an application is pre-approved.

Taking this into consideration, I agree with the investigator that despite significant reassurance that the loan would be accepted and that this would be at the advertised rate, the application was never fully guaranteed.

I also note that in MSM's responses to Mr M from March and April 2024, it provided what it says J had advised. This included that the result MSM provided to Mr M regarding the loan and interest rate were correct. Given this, I'm not persuaded here that MSM made an error in providing the quote it did.

I can see that MSM offered Mr M £25 in vouchers for any inconvenience that may've been caused. I leave it up to Mr M to contact MSM should he want to discuss this offer further with it.

My final decision

I don't uphold Mr M's complaint against MONY Group Financial Limited trading as MoneySuperMarket.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 October 2024.

Paul Blower

Ombudsman