

## **The complaint**

Mr K complains that Advantage Finance Limited didn't tell him about a loan acceptance fee until after he'd accepted the loan and that it didn't tell him how much interest he'd saved when he made overpayments.

## **What happened**

Mr K entered into a hire purchase agreement with Advantage Finance in September 2023 for a used car to be supplied to him. The price of the car was £13,750 and he paid a deposit of £7,000 so the amount of credit provided to him was £6,750. He agreed to make 59 monthly payments of £213.55 and a final payment of £413.55 (which included a £200 option to purchase fee) to Advantage Finance.

Mr K made additional payments of £1,000 in February and April 2024. He says that he was told that he would receive a text or letter telling him how much interest he'd saved but he didn't receive them. He complained to Advantage Finance and then to this service. Advantage Finance sent two partial settlement letters to Mr K and apologised that they hadn't been sent. As a goodwill gesture it offered to credit a payment of £50 to Mr K's bank account.

Mr K's complaint was then looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld. He said that Advantage Finance had sent the agreement, which outlined the fees applicable, to Mr K and it had offered to pay £50 to Mr K which he agreed was fair and reasonable. He also said Mr K hadn't made any further overpayments, but he could have done so, and as he wasn't prevented from making any payments, he couldn't hold Advantage Finance at fault for any savings that Mr K could have made.

Mr K didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says he hasn't made any more overpayments because he's unhappy with Advantage Finance and will be refinancing the debt to another lender and will then make the overpayment.

## **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.

Mr K says that he was only told about the loan acceptance fee after he'd accepted the loan. Advantage Finance has provided evidence to show that it sent pre-contract credit information to Mr K which clearly set out that the total amount that he'd have to pay included an acceptance fee of £325. The hire purchase agreement was then sent to Mr K and he electronically signed it. The agreement clearly set out the acceptance fee of £325 and that amount was included in the total finance charge that Mr K agreed to pay through his monthly payments. I consider that Mr K ought reasonably to have known about the acceptance fee and I don't consider that Advantage Finance has acted incorrectly in connection with the acceptance fee.

Mr K made an overpayment of £1,000 to Advantage Finance in February 2024. Its records show that a partial settlement letter was sent to Mr K but he says that he didn't receive it. Mr K made another overpayment of £1,000 to Advantage Finance in April 2024 and it says that, due to an error, a partial overpayment letter wasn't sent to him. Mr K complained to Advantage Finance and it sent the letters to him in May 2024. It apologised that they hadn't been sent and, as a goodwill gesture, it offered to credit a payment of £50 to Mr K's bank account.

That was less than a month after Mr K had made the second overpayment. He says that he's lost out because he would have made extra payments to clear more of the balance, but didn't want to do so because he couldn't see the effect of the payments on the interest so he's unhappy with Advantage Finance. But the interest rebates were shown on the partial settlement letters that were sent to him in May 2024 and Advantage Finance also sent him a transaction statement which said: "*... the balance you now owe has reduced. Your monthly payments of £213.55 will continue but the length of your agreement will now be shorter. Your agreement will now end on 20/04/2027*".

It was Mr K's decision not to make any more overpayments and I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Advantage Finance to pay him any compensation for the financial loss that he claims to have incurred. I consider that the compensation that Advantage Finance offered to pay to him for the issues with the partial settlement letters was fair and reasonable in the circumstances. Mr K didn't accept its offer so it wasn't paid to him. If Mr K now wants to accept that offer, I suggest that he contacts Advantage Finance to see if the offer is still available. I'm not persuaded that a higher amount of compensation is justified or that it would be fair or reasonable for me to require Advantage Finance to take any other action in response to Mr K's complaint.

**My final decision**

My decision is that I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 21 October 2024.

Jarrold Hastings  
**Ombudsman**