

## **The complaint**

Mr R complains that Great Western Credit Union Limited (“GWCU”) has unfairly:

- pressured him for repayments on a loan;
- charged him loan interest;
- dealt with subsequent loan applications;
- closed the branch he used and is no longer offering face-to-face banking.

Mr R is also unhappy with the way GWCU has generally communicated with him.

## **What happened**

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, in April 2019 Mr R topped up his existing borrowing from GWCU by £300. The loan agreement from April 2019 shows that Mr R’s existing borrowing with GWCU at that time was £695.46, and the £300 top-up would take it to £995.46, repayable by way of 17 payments of £75 every four weeks.

I understand Mr R has said that unfortunately, due to no fault of his own, his regular Personal Independence Payment (“PIP”) was then mistakenly stopped by the Department for Work and Pensions (“DWP”). Following this, Mr R says, GWCU harassed him for continued repayments and didn’t communicate or act fairly with him. Mr R was also unhappy with how GWCU charged him interest on this borrowing, and how it dealt with his subsequent applications for further borrowing in 2023.

GWCU had also written to Mr R at the end of 2022 to let him know it was closing the branch he used, and that it would no longer be offering face-to-face banking, which Mr R thought was unfair.

Mr R couldn’t reach agreement with GWCU about things, so he referred his complaint about GWCU to us. Our Investigator was unable to resolve matters informally, so the case has been passed to me for a decision.

I sent Mr R and GWCU my provisional decision on 14 August 2024 explaining why I wasn’t intending to uphold this complaint. Now that both parties have had fair opportunity to comment further, I’m ready to explain my 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.

Having done so, and in the absence of further submissions from either party leading me to change my mind, I’ve reached the same conclusions as in my provisional decision and for the same reasons. That is, I’ve decided not to uphold this complaint. I’ve explained my reasons again below.

## The 2019 loan

The loan agreement shows that Mr R topped up his borrowing from GWCU by £300 in April 2019, taking his total borrowing at that time to £995.46, repayable by way of 17 payments of £75 every four weeks.

The loan statement GWCU has provided shows that the first scheduled loan repayment of £75 was made on 25 April 2019. But no further repayments were then made to the loan until January 2020. But from January 2020, regular repayments of £10 were then made until the loan was fully repaid in August 2023.

Mr R has said that the gap in his repayments between April 2019 and January 2020 was because of mistakes by the DWP with his PIP. And I understand he feels that GWCU carried on like “loan sharks”, constantly harassing him, he says, for repayments, and charging him interest when it shouldn’t have been.

However, GWCU has provided me with a copy of its contact record with Mr R. And from this, I can’t see that GWCU acted unreasonably in its contact with Mr R in terms of asking him for updates on when his PIP would be reinstated. It was entitled to do this. The contact records don’t indicate it did so unreasonably – in terms of what it did, when, and how often. And I haven’t seen any other evidence that persuades me these contact records aren’t accurate. There was some contact in May through to October 2019. But then there was nothing until January 2020 when GWCU proposed to Mr R that he make payments of £10 every fortnight as a compromise to assist Mr R in maintaining repayments (albeit reduced ones). As I’ve said, regular repayments of £10 were then made until the loan was fully repaid in August 2023.

I’ve considered carefully Mr R’s concern that GWCU unfairly charged interest. However, I can see from the loan statement GWCU has provided that between April 2019 and August 2023 Mr R made total repayments of £1,084.67 to fully repay this loan of £995.46. That’s £995.46 to repay the principal borrowing, and the remaining balance of £89.21 for interest.

The interest rate agreed on the loan as shown on the loan agreement dated April 2019 was 3% per month. So, as a rough calculation, this would have amounted to interest of about £29 per month, at least at the beginning. So, since Mr R was in total charged just £89.21 for loan interest over its entire life, Mr R was, in total, charged the equivalent of just three or four months interest on borrowing he took over four years to repay. I don’t think I can say GWCU therefore acted unreasonably in this regard.

To explain further, GWCU has said that it agreed to stop charging Mr R interest from 23 April 2020. I can see from the loan statement that GWCU, nonetheless, took the repayments Mr R made between 23 April 2020 and 5 March 2021 which totalled £290 as going just towards interest (rather than reducing the principal loan balance). This was an error. But the loan statement shows GWCU corrected this on 8 March 2021, when it applied a net credit to the loan of £290 to rectify this error (the loan statement shows two amounts on 8 March 2021: a credit of £340, and a payment reversal of £50, taking the net credit to £290 as I’ve said). This means that the only interest Mr R was charged on the loan (the £89.21 I’ve mentioned above) comprised £19.21 in April 2019, and £70 between January and April 2020. Bearing in mind everything I’ve said, I don’t think this is unfair. And whilst it would have been preferable had GWCU not made the error it did between April 2020 and March 2021, it corrected this error in March 2021 in a fair way, as I’ve explained above.

### The subsequent loan applications in 2023

Mr R is unhappy that GWCU only agreed his application in August 2023 for further borrowing at a reduced loan amount. But GWCU has explained that it treated this application in the same way as it would any other. And it had a responsibility to not lend irresponsibly. So it was entitled, as it did, to take into account Mr R's payment history and agree a loan on a reduced amount (compared to what Mr R requested), as it did. Mr R has said he wasn't told beforehand this could happen. But even if this were correct, this doesn't change what I'd reasonably expect from GWCU when it was making a responsible decision whether to lend or not, and, if so, how much. It also doesn't seem like Mr R was in a financial position to do anything differently with regards to meeting the full 2019 loan agreement terms – even if he'd known it could affect future borrowing – or else presumably he would have paid more towards the 2019 loan already and potentially not had so much interest waived, so this doesn't change my mind.

A further loan application was made in November 2023 which GWCU declined as they were entitled to.

### Branch closure

GWCU wrote to Mr R in November 2022 to let him know it had taken the decision to close his local branch. Mr R is unhappy about this, and he's said the letter was effectively telling him he needed to change banks, when, because of his disability, he relied on this branch and face-to-face interactions.

I've reviewed GWCU's letter of November 2022 carefully. And I've also, prior to this decision, written to GWCU, highlighting the Financial Conduct Authority's guidance on branch closures, such as that which can be found at <https://www.fca.org.uk/news/press-releases/fca-updates-guidance-branch-closures> and <https://www.fca.org.uk/publication/finalised-guidance/fg22-6.pdf>.

But this guidance isn't that a financial business like GWCU cannot close branches – but instead that it should follow a fair process in deciding whether it's appropriate to do so. If GWCU hadn't done so, I don't think I would be able to tell it that it must reopen the branch or otherwise provide Mr R with an equivalent service. But, here, from the information GWCU has provided me with, I can see that it did carefully consider the branch closure. I say this because:

- GWCU has said that the background to the branch closure was that although the branch had remained opened through the Covid-19 period, footfall had shrunk significantly. The majority of the business conducted there related to support with a third-party product rather than GWCU products and services. But nevertheless, when considering whether to plan for its closure, GWCU initiated a review of its customers still using the branch over a number of months. It's said this review identified just 24 regular users, and that it contacted these customers individually to discuss the situation and consult with them on their options moving forwards – which included, it says, engaging with support workers where possible; and that where requested by customers, they were offered individual support to find an alternative face-to-face service with high street banks. I've no reason to doubt this.
- GWCU didn't identify Mr R within the cohort of customers regularly using the branch in recent months because it hadn't previously been advised Mr R required face-to-face banking; he'd successfully registered for its online banking platform in March 2021 and had been making online withdrawals from his account since

May 2021; and he hadn't used, so far as it was aware, the branch for a number of years. Again, I've not seen anything that leads me to doubt this.

- GWCU has explained that once the branch service was closed, it offered a face-to-face service to all members on request. Take up was minimal though, and so after six months with no more than ten appointments in this time, and fewer than five members actually seen, this service was itself withdrawn. I've no reason to doubt this and can see that the trial of a series of outreaches in community venues was referenced in the letter GWCU sent to Mr R in November 2022.

I'm aware Mr R is unhappy with the closure and the tone of GWCU's letter of November 2022. But having reviewed this letter, I agree with our Investigator that the tone of this letter isn't unreasonable. Instead, I can see that the letter explained that:

- Most of its customers had never used the branch or no longer visit, preferring to manage their account online or via telephone.
- The branch was no longer viable, taking everything into consideration including high and rising costs associated with running a branch.
- It would refocus, in the new year, its face-to-face service and trial a series of outreaches in community venues across Mr R's local area where customers could drop-in and find out more about their options.
- It would no longer be able to support the use of accounts face-to-face. And if customers needed face-to-face support, it would strongly encourage them to open a current account with a bank or building society. There were many banks and building societies that now offer a range of basic banking services and it could help customers find an alternative provider should they wish that.

GWCU has said that ultimately the decision to close the branch was driven by the need to exit the premises to protect the overall interests of GWCU's 19,000 members; that GWCU currently has no branches in operation, having closed other branches over the last couple of years; and that the approach to closing this branch was assessed as being proportionate to GWCU's size and scale, bearing in mind the very small number of members using the branch service and the fact that support was primarily associated with a third-party product and not GWCU's core products or services. And having considered things, I can't see that GWCU has done anything wrong here.

#### Customer service

I've listened to recordings of two telephone conversations Mr R had with GWCU. GWCU has acknowledged it could have dealt with things better, and it therefore added a note to Mr R's account to try to ensure a better experience in the future. I agree that on one of the calls, the GWCU representative could have dealt with things better, albeit in circumstances that may not have been easy for the representative to deal with. But on the second call recording, I think GWCU dealt with matters well – professionally and sympathetically. And I haven't seen any persuasive evidence of any other instances of where GWCU's customer service was such that I'd think it fair that this warrants any compensation, or a direction that GWCU do more than it already has.

This means, overall, that I don't think GWCU has dealt with Mr R unfairly or unreasonably and I'm not persuaded that this complaint should be upheld.

**My final decision**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 2 October 2024.

Neil Bridge  
**Ombudsman**