

## **The complaint**

Mrs B complains about fees Allegiant Finance Services Limited (Allegiant) charged her after a lender settled an unaffordable lending complaint.

## **What happened**

In October 2020, Mrs B asked Allegiant to represent her in relation to a mis-sale claim. This was against a loan provider, who I'll call B. Mrs B felt B had lent to her irresponsibly. Mrs B signed Allegiant's letter of authority. This agreed to Allegiant acting on her behalf, in return for a fee, if the claim was successful. After receiving the signed forms, Allegiant contacted B to make the claim.

In March 2024 B accepted Mrs B's claim. And agreed to pay Mrs B £6,966.25 in full and final settlement of the matter. Mrs B accepted this amount. As the claim was successful, Allegiant invoiced Mrs B for their work. This invoice was for £2,089.88. But Allegiant said they didn't receive payment of the invoice.

Mrs B considered Allegiant's actions to be unreasonable. Mrs B said Allegiant hadn't done any work on her claim and their fee was unjustified. Mrs B contacted B and asked what information Allegiant had sent B in relation to her claim. B confirmed it had received Allegiant's letter of authority signed by Mrs B, and letter of claim. Mrs B raised a complaint with Allegiant about the fee she was being charged.

Allegiant responded and maintained their position, and said the money was due, and they'd acted in line with the terms and conditions agreed to by Mrs B. Mrs B remained unhappy. So she referred her complaint to this Service for an independent 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 decided not to uphold the complaint. I understand Mrs B will be disappointed by this but I'll explain why I have made this decision.

Firstly, I note Mrs B's comments about her personal circumstances, including her health, and challenges she has been dealing with. I'm empathetic to all that Mrs B has explained, and I would like to thank Mrs B for taking the time to share this information with me. As I understand this cannot be easy to share. I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I've read and considered everything that has been provided.

I recognise how strongly Mrs B feels about the matter, however, it's important to explain that, as an informal dispute resolution service, our awards are designed to compensate consumers, not punish, or deter organisations. And we're not able to ask a business to change its processes or consider whether other consumers who haven't complained to our service have been impacted. That would be for the Financial Conduct Authority (FCA) as the

regulator. Whilst I can only consider the service provided by Allegiant, Mrs B may also refer her concerns about Allegiant to the FCA.

When Mrs B instructed Allegiant to pursue her claims against B in October 2020, she agreed to the terms and conditions set out in the Terms of Engagement. The terms and conditions which set out the cost of Allegiant's service explained *'The success fee is 30% inclusive of VAT calculated of cash in hand compensation'*. *'Cash in hand'* is defined as *'the actual cash in hand compensation that you receive from the respondent after debt and tax deductions have been applied by the respondent.'*

The Pre-Contract Information provided with the Terms of Engagement further set out examples of Allegiant's success fee applied against different award amounts. This cost information also explained *'We have built a handy success fee calculator at [web address].'* I'm satisfied that Allegiant provided Mrs B with clear information about the fee they would charge for a successful claim.

Mrs B says she wasn't expected a large pay out from B, and didn't think so much of it would have to be used to pay Allegiant's fees. I am empathetic to what Mrs B has explained. But these comments don't change what Mrs B had contractually agreed to at the time of instructing Allegiant to deal with her claim.

Mrs B says that she shouldn't have to pay Allegiant's full fee because she had instigated a claim herself with Allegiant. I haven't seen any evidence to support this. But even if Mrs B had done this, the evidence I have seen shows that Mrs B instructed Allegiant to make a claim on her behalf against B. B has also confirmed that it received Allegiant's letter of claim, which included Mrs B's signed letter of authority. So I'm satisfied Allegiant's terms and conditions, specifically in respect of their charges, have been applied fairly.

The agreement Mrs B had with Allegiant was on a "No win No fee" basis. This means Allegiant charged a percentage success fee, not a fee based upon the amount of work they did. This meant any work done on any unsuccessful claim would be done for free. Where a claim was successful, Allegiant's fee maybe more or less than the value of the work they actually did. This is the risk taken by all parties in this type of agreement. So, I think it's reasonable for Allegiant to charge Mrs B their success fee.

Mrs B authorised Allegiant to act on her behalf in making the mis-sold loan claim. Allegiant made it reasonably clear to Mrs B that there would be a fee payable if the claim was successful. Mrs B, in signing the terms of engagement, agreed to this condition. Allegiant acted reasonably in asking for their fees to be paid in line with the terms and conditions agreed to by Mrs B. I know my answer will be disappointing for Mrs B, but having considered all of her points, I haven't found reason to uphold this complaint.

### **My final decision**

For the reasons provided I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 26 December 2024.

Neeta Karelia  
**Ombudsman**