



Case study: Non-Bank Money Services/Credit

COMPLAINANT BELIEVED LOANS WERE IRRESPONSIBLY GRANTED AND INAPPROPRIATELY COLLECTED

Themes: Interest-free store card; court ruling; mis-sale; CIFO statutory time limits.

This complaint relates to a complainant who believed that they should not have been granted several loans as the lending was irresponsible and harmful.

In 2007, Mr C entered into a loan agreement with a local credit provider for an interest-free store card. At the time Mr C was seventeen years old. Mr C took out further loans from the same credit provider over the next few years totalling approximately £60,000. Mr C made regular payments on the loans, but in 2017 he defaulted on the repayments. At that time the outstanding amount owed was approximately £20,000.

Mr C's credit provider attempted to contact Mr C a number of times to discuss the loan repayments. Eventually Mr C's credit provider took steps to pursue the loan through the local court. In 2018 the local court ruled in favour of Mr C's credit provider but advised the credit provider that Mr C currently had no funds or assets to satisfy the debt.

In 2021 Mr C's creditors requested a renewal of the judgement made in 2018 as Mr C was thought to have funds or assets at that time. However, upon taking further legal advice, Mr C's creditors decided not to take any further steps to recover the debt.

In 2024, Mr C made a complaint to CIFO that he had been inappropriately provided with the first loan because he was under the age of eighteen when it was granted to him. Mr C also stated that his credit provider was not entitled to seek repayments for the loan and that he was unhappy with the way his credit provider had obtained a court judgement for the collection of the debt. However, as CIFO was unable to review a complaint until the financial service provider has been given a reasonable chance to respond and put things right, CIFO advised Mr C to request a final response to his complaint from his credit provider. Mr C made a complaint to his credit provider, who rejected his complaint. Mr C then returned to CIFO.

CIFO investigated and noted that Mr C had borrowed the money and not fully repaid the loan. While Mr C's credit provider had obtained court judgment for the outstanding loan amount in 2018, it had confirmed that it was not looking to take further action to recover the outstanding debt.

CIFO noted that the original loan was provided to Mr C when he was seventeen, which may not have been appropriate if the loan was granted today, but as this had been approved by his credit provider in 2007, it meant that CIFO could not review the complaint as the original loan decision which the complaint related to occurred prior to CIFO's applicable statutory timing conditions' back stop date of 1 January 2010. CIFO can also only consider a complaint within six years, or two years of when the

complainant became aware or reasonably ought to have become aware, of the act or omission that led to the complaint. As the complaint did not meet CIFO's timing requirements under the law, CIFO did not uphold the complaint. The court decision obtained by the creditor in 2018 also meant that the ability to collect on the debt incurred by Mr C at the age of 17 had already been the subject of a court decision. This took that aspect of Mr C's complaint out of CIFO's statutory mandate.