



FINAL DECISION	
complaint by:	[REDACTED]
complaint about:	White Label Lending Limited
complaint reference:	1461-4549/KRB/MA12
date of decision:	5 August 2014

This final decision is issued by me, Catherine Wolthuizen, an ombudsman with the Financial Ombudsman Service. It sets out my conclusions on the dispute between Mr and Mrs [REDACTED] and White Label Lending Limited. Final decisions will be published. To prevent Mr and Mrs [REDACTED] being identified, they will be referred to as "Mr and Mrs C".

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs [REDACTED] to let me know whether they accept or reject my decision before 5 September 2014.

complaint

Mr and Mrs C complain that White Label Lending Limited mis-sold a secured loan to them. They say White Label did not properly consider how the loan would be affordable for them, and that the terms of the loan are unfair.

background

In August 2008, Mr and Mrs C applied for a loan to consolidate existing borrowing which would be secured by their home. At the time of making the application, Mr C was 57 and Mrs C was 54. The loan application is dated 20 August 2008 and is for a loan of £26,000 over 240 months. Mr and Mrs C say all discussions regarding the loan took place over the telephone and the arrangement of the loan was handled by an intermediary. In October 2008, a representative of the intermediary attended their home to secure their signatures on the loan agreement.

The loan agreement shows the loan as being for £20,000 for 480 months, with an APR of 16.20% and a total amount repayable of £123,940.80. Mr and Mrs C say the business did not consider how they would be able to repay the loan so far into retirement and that they did not agree to such a long term. They say they would not have agreed to the loan had they been aware of the length of the term.

Our adjudicator did not recommend that the complaint should be upheld. She considered that the terms of the loan were made sufficiently clear on the loan agreement. As Mr and Mrs C had signed the agreement, she considered that they had been aware of, and accepted, those terms. Mr and Mrs C did not agree.

my provisional findings

After considering all the evidence, I issued a provisional decision on this complaint to Mr and Mrs C on 23 May 2014. I summarise my findings:

I considered that White Label should have ensured that the loan was affordable, and could be repaid sustainably. Taking the 40-year term of the loan into account, and the information on the loan application, I did not consider that White Label had properly assessed how the loan would be affordable so far into Mr and Mrs C's retirement. I did not consider that

White Label had shown it had discussed the length of the loan with Mr and Mrs C and I did not consider it had shown why it had overridden its own internal lending criteria. I considered that the loan was irresponsible and recommended that White Label should release Mr and Mrs C from it, and arrange a manageable settlement figure with them.

White Label responded to say it accepted my provisional decision. It proposed the following settlement:

"Assuming Mr and Mrs C's employment circumstances have not changed, that we release them from the current arrangement and then create a new arrangement taking into account the points raised in Catherine Wolthuizen's communication of 23 May, i.e. £22,847.22 (outstanding capital) - £17,619.63 (payments already received) = £5227.59 to be repaid. The borrower continues to pay the current monthly payment of £248.80 up until the oldest borrower's 65 birthday and assumed retirement. During this time the outstanding debt does not attract any interest. On the 1st borrower's 65th birthday payments cease and there is no remaining debt to pay."

Mr and Mrs C responded to say they accept my provisional decision and White Label's proposed settlement arrangement.

my findings

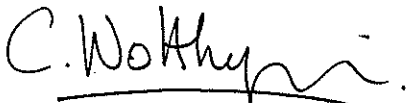
I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

As each party has accepted my provisional decision, my findings are as previously set out.

my final decision

My final decision is that I uphold this complaint. In full and final settlement, I order White Label Lending Limited to:

- Release Mr and Mrs C from the current loan arrangement;
- Create a new arrangement for repayment of the outstanding capital, whereby Mr and Mrs C pay £248.80 per month until the oldest of them turns 65;
- Not charge interest on the outstanding debt;
- Waive any outstanding debt from the date of the oldest borrower's 65th birthday.



Catherine Wolthuizen
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