

## **The complaint**

Mr G complains that Tandem Personal Loans Ltd (“Tandem”) unfairly declined his claim under sections 75 and 140A of the Consumer Credit Act 1974 (“CCA”) in relation to a timeshare product he purchased with a loan they provided to him.

## **What happened**

Mr G’s loan was originally provided by another financial business. That business sold its loans to a different business, and these are ultimately now owned and serviced by Tandem. For simplicity, I will refer to the lender as being Tandem at all times throughout my decision.

In or around June 2018, whilst on holiday using his existing timeshare product, Mr G met with his timeshare supplier, who I’ll refer to as “A”. During that meeting, Mr G agreed to upgrade his existing membership by purchasing a new points-based timeshare product from A. The purchase price agreed was £8,950 which was funded under a fixed sum loan agreement with Tandem over 180 months.

In July 2021, using a professional representative (“the PR”), Mr G submitted a claim to Tandem under sections 75 and 140A of the CCA. The PR allege that Mr G purchased the timeshare product having relied upon representations made by A which turned out not to be true. And under section 75 of the CCA (“S75”), Tandem are jointly liable for those misrepresentations.

In particular, the PR allege A previously sold a timeshare product to Mr G as an investment that could be sold at a profit. They said that during the presentation in June 2018, A told Mr G they were no longer selling timeshare apartments and suggested Mr G purchase the points-based product instead. The PR allege A told Mr G the new product would be an excellent investment which could be sold for a profit through A’s re-sale scheme. But Mr G says that the timeshare hasn’t sold. The PR believe that selling timeshare products as an investment falls contrary to Regulation 14(3) of the Timeshare, Holiday Products, Resale and Exchange Contracts Regulations 2010 (“the TRs”).

The PR also allege that the misrepresentations, together with other things done (or not done) by A renders the relationship with Tandem, under the agreements, unfair pursuant to section 140A of the CCA (“S140A”). In particular, the PR allege that A:

- pressured Mr G into entering the purchase and loan agreements using aggressive commercial practices;
- allowed him no time to read or consider the information provided;
- failed to advise Mr G of any commission that might be payable by Tandem;
- made no comparisons to other loan companies;
- didn’t inform Mr G he was free to arrange his own finance; and
- failed to undertake appropriate affordability checks for the loan.

The PR also said that as A are in liquidation and can’t provide the service sold. They suggest this constitutes a breach of contract which Tandem are jointly liable for under S75.

Tandem didn't uphold Mr G's claim. They didn't agree there was any evidence to support the allegations of misrepresentation. They also didn't think they were under any obligation to respond to allegations of unfairness under S140A in the absence of a civil court action. And in any event, said there was no commission arrangement in place for the loan. Tandem say they'd undertaken an appropriate affordability assessment before agreeing the loan. They also didn't think there was any evidence of loss to support the alleged breach of contract.

The PR didn't agree with Tandem's findings, so referred Mr G's claim to this service as a complaint. One of this service's investigators considered all the information and evidence provided. Having done so, they didn't think Tandem's failure to uphold Mr G's claim was unfair or unreasonable. In particular, our investigator said they weren't able to find evidence to support any of the various allegations.

The PR didn't agree with our investigator's findings and suggested our they'd failed to properly assess the claim under S75. They asked that Mr G's complaint be referred to an ombudsman to consider further. To support their arguments, they reiterated much of what had already been included in Mr G's claim, adding:

- that the product had been represented as an investment, consistent with the previous sale and purchase from A that Mr G was party to;
- details of the other purchase Mr G had made from A;
- further reference to the alleged breaches of the TRs; and
- reference to the experience of other consumers who'd purchased timeshare products from A and the findings of this service's investigators in those cases.

As an informal resolution couldn't be achieved, Mr G's complaint has been passed to me to consider further. Having done that, while I was inclined to reach the same outcome as our investigator, I considered a number of issues which I don't feel were previously fully addressed or explained. So, I issued a provisional decision on 5 December 2023 giving both sides the chance to respond before I reached my final decision.

In my provisional decision I said:

#### Relevant considerations

When considering what's fair and reasonable, DISP<sup>1</sup> 3.6.4R of the FCA<sup>2</sup> Handbook means I'm required to take into account; relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice; and, where appropriate, what I consider was good industry practice at the relevant time.

S75 provides consumers with protection for goods or services bought using credit. Mr G paid for the timeshare product under a restricted use fixed sum loan agreement. So, it isn't in dispute that S75 applies. This means Mr G is afforded the protection offered to borrowers like him under those provisions. And as a result, I've taken this section into account when deciding what's fair in the circumstances of this complaint.

S140A looks at the fairness of the relationship between Mr G and Tandem arising out of the credit agreement (taken together with any related agreements). And because the product purchased was funded under that credit agreement, they're deemed to be related agreements. Only a court has the power to make a determination under S140A. But as it's relevant law, I've considered it when deciding what I believe is fair and reasonable.

It's important to distinguish between the complaint being considered here and the legal claim. In response to our investigator's findings, the PR suggest they'd failed to assess Mr G's claim properly under S75. The complaint this service is able to

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<sup>1</sup> Dispute Resolution: The Complaints sourcebook (DISP)

<sup>2</sup> Financial Conduct Authority

consider specifically relates to whether I believe Tandem's failure to uphold Mr G's claim was fair and reasonable given all the evidence and information available to me, rather than actually deciding the legal claim itself.

It's also relevant to stress that this service's role as an Alternative Dispute Resolution Service ("ADR") is to provide mediation in the event of a dispute. While the decision of an ombudsman can be legally binding, if accepted by the consumer, we don't provide a legal service. And as I've said, this service isn't able to make legal findings – that is the role of the courts. Where a consumer doesn't accept the findings of an ombudsman, this doesn't prejudice their right to pursue their claim in other ways.

Where evidence is incomplete, inconclusive, incongruent or contradictory, my decision is made on the balance of probabilities – which, in other words, means I've based it on what I think is more likely than not to have happened given the evidence that's available from the time and the wider circumstances. In doing so, my role isn't necessarily to address in my decision every single point that's been made. And for that reason, I'm only going to refer to what I believe are the most salient points having considered everything that's been said and provided.

#### Was the timeshare product misrepresented?

For me to conclude there was misrepresentation by A in the way that has been alleged, generally speaking, I would need to be satisfied, based on the available evidence, that A made false statements of fact when selling the timeshare product. In other words, that they told Mr G something that wasn't true in relation to the allegations raised. I would also need to be satisfied that the misrepresentations were material in inducing Mr G to enter into the purchase contract. This means I would need to be persuaded that he reasonably relied upon false statements when deciding to buy the timeshare product.

From the information available, I can't be certain about what Mr G was specifically told (or not told) about the benefits of the product he purchased. It was, however, indicated that he was told these things. So, I've thought about that alongside the evidence that is available from the time. Although not determinative of the matter, I haven't seen any documentation which supports the assertions in Mr G's claim, such as marketing material or documentation from the time of the sale that echoes what the PR says he was told. In particular that the product was represented as an investment that could be sold at a profit. There's simply no reference to this within the limited documentation provided.

The PR have referenced a prior purchase made by Mr G from A in 2016. But this doesn't form part of this particular claim and the subsequent complaint. And it doesn't appear Tandem played any part in financing that purchase. So, I don't think they can reasonably be held liable for any representations made at that time. I also don't think any allegations specifically relating to the circumstances of that purchase help me in establishing the facts of what actually happened during the sales presentation in June 2018.

I think it unlikely the product can have been marketed and sold as an investment contrary to the TRs simply because there might have been some inherent value to it. And in any event, I've found nothing within the evidence provided to suggest A gave any assurances or guarantees about the future value of the product Mr G purchased here. A would have had to have presented the product in such a way that used any investment element to persuade him to contract. Only then would they have fallen foul of the prohibition on marketing and selling certain holiday products as an investment, contrary to Regulation 14(3) of the TRs.

Furthermore, I haven't seen any evidence to suggest that A were contractually bound to provide a timeshare resale service. And even if they were, I've seen nothing that

suggests they gave any guarantee that a successful sale and a subsequent profit could be achieved. While Mr G may have intended to purchase his timeshare product as a financial investment, I can't conclude, with any certainty, that intention was due to anything A said to him.

Based upon the specific evidence available relating to Mr G's claim here, I can't say, with any certainty, that A did misrepresent the product in the manner alleged.

#### The breach of contract claim under S75

As far as I understand, whilst A may have entered an insolvency process, the current management company have confirmed that timeshare owners remain able to fully utilise their timeshare products subject to the associated agreements. So, in the absence of any specific explanation or evidence to support why Mr G believes there's been a breach of contract which resulted in a loss for him, I haven't seen anything that would lead me to conclude there was such a breach.

#### The unfair relationship claim under S140A

The court may make an order under S140B in connection with a credit agreement if it determines that the relationship between the creditor (Tandem) and the debtor (Mr G) is unfair to the debtor because of one or more of the following (from S140A):

- a) any of the terms of the agreement or of any related agreement;
- b) the way in which the creditor has exercised or enforced any of the rights under the agreement or any related agreement;
- c) any other thing done (or not done) by, or on behalf of, the creditor (either before or after the making of the agreement or any related agreement).

In deciding whether to make a determination under this section the court shall have regard to all matters it thinks are relevant (including matters relating to the creditor and matters relating to the debtor). And I think it's relevant to acknowledge Mr G's existing membership and relationship with A. He'd previously purchased a product from them. So, I think it's reasonable to conclude that at the time of the purchase in June 2018, he had a reasonably strong awareness about the product he'd purchased, how it operated and any associated costs. I also think it's reasonable to conclude Mr G was familiar with A (as a timeshare supplier) the format of their meetings and sales presentations, and their documentation. Particularly as the purchase in June 2018 wasn't his first.

- The pressured sale and process

The claim suggests Mr G was pressured into purchasing the product and entering into the finance agreement with Tandem. I acknowledge what the PR have said about this. So, I can understand why it might be argued that any prolonged presentation might have felt like a pressured sale – especially if, as Mr G approached the closing stages, he was going to have to make a decision on the day in order to avoid missing out on an offer that may not have been available at a later date.

Against the straightforward measure of pressure as it's commonly understood, I find it hard to argue that Mr G agreed to the purchase and the finance agreement in 2018 when he simply didn't want to. I haven't seen any evidence to demonstrate that he went on to say something to A, after the purchase, suggesting he'd agreed to it when he didn't want to. And neither the PR, nor Mr G have provided a credible explanation for why he didn't subsequently seek to cancel the transaction within the 14-day cooling off period permitted here – both under the purchase and loan agreements.

If Mr G only agreed to the purchase because he felt pressured, I find this aspect difficult to reconcile with the allegation in question. I haven't seen anything

substantive to suggest Mr G was obviously harassed or coerced into the agreements. And because of that, I'm not persuaded that there's sufficient evidence to demonstrate that he made the decision to proceed because his ability to exercise choice was – or was likely to have been – significantly impaired contrary to the Consumer Protection from Unfair Trading Regulations 2008 ("CPUT").

- Time to read and consider the information provided

I've thought about the information that I believe should have been provided to Mr G as required under the TRs. I've seen very little from the time of the sale here albeit Tandem have explained what would've been provided. They also confirm that Mr G would have attended a meeting with A's compliance/contracts manager before being able to proceed with the purchase. And there doesn't appear to be any suggestion that A didn't provide all the required documentation.

Of course, it is possible Mr G wasn't given sufficient time to read and consider the contents of the documentation at the time of the sale. Even if I were to find that was the case – and I make no such finding – It's clear he still had 14 days to consider the purchase and raise any questions or concerns he might've had. And ultimately, if he was unhappy or uncertain, he could've cancelled the agreement without incurring any costs.

Furthermore, I understand the finance agreement also included a withdrawal/cancellation period of 14 days. The copy of the finance agreement provided by Tandem clearly includes Mr G's cancellation/withdrawal rights. But I haven't seen any evidence that Mr G did raise any questions or concerns about either agreement.

- A's responsibilities and disclosure of commission paid

Part of Mr G's S140A claim is based upon the status of A (as the introducer of the loan) and their (and Tandem's) resultant responsibilities towards him. In particular, it's argued that the payment of commission by Tandem to A was kept from him. In response to the claim, Tandem confirm there were no commission arrangements in place at the time the loan was agreed and provided..

That said, I don't think any payment of commission by Tandem to A would've been incompatible with their role in the transaction. A weren't acting as an agent for Mr G, but as the supplier of contractual rights he obtained under the timeshare product agreement. And, in relation to the loan, based upon what I've seen so far, it doesn't appear it was A's role to make an impartial or disinterested recommendation, or to give Mr G advice or information on that basis. As far as I'm aware, he was always at liberty to choose how he wanted to fund the transaction.

What's more, I haven't found anything to suggest Tandem were under any regulatory duty to disclose any commission paid in these circumstances. Nor is there any suggestion or evidence that Mr G requested those details from Tandem (or A) at any point. And on that basis, I'm not persuaded it's likely that a court would find that any non-disclosure or payment of commission would've created an unfair debtor-creditor relationship under S140A, given the circumstances of this complaint.

### Were the required lending checks undertaken?

There are certain aspects of Mr G's complaint that could be considered outside of S75 and S140A. In particular, in relation to whether Tandem undertook a proper credit affordability assessment. The PR allege that a proper affordability check wasn't completed by A.

Ordinarily, responsibility falls with the lender (Tandem in this case) to conduct affordability checks as set out within the Consumer Credit Sourcebook ("CONC"), part of the FCA handbook. Tandem have confirmed that Mr G's loan application was underwritten subject to their lending criteria at the time. They've said that this included validation of the information provided by Mr G on his application form and a check against several databases, which would include credit reference agencies.

It's relevant that the PR haven't provided any evidence to show that the loan wasn't unaffordable or unsuitable for Mr G. And I've not seen anything that supports any suggestion of financial difficulty from that time.

If I were to find that Tandem hadn't complied with the regulatory guidelines and requirements that applied here – and I make no such finding – I would need to be satisfied that had such checks been completed, they would've revealed that the loan repayments weren't sustainably affordable for Mr G in order to uphold his complaint here. Furthermore, I don't believe any regulatory failure would automatically mean that the loan agreement is null and void. It would need to be proven that any such failure resulted in a loss to Mr G as a consequence.

As I've seen no specific information about Mr G's actual position at the time and no supporting evidence that he struggled to maintain repayments, I can't reasonably conclude the loan was unaffordable for him. Or that he suffered any loss as a consequence.

### Summary

The PR have suggested they're aware of other consumers who allegedly had similar experiences to those of Mr G. But in considering his complaint, my decision must be based upon the specific facts and evidence relating to Mr G. I can't see how other consumers allegations (evidentially supported or not) help in establishing the facts of Mr G's own personal experience in June 2018.

I want to reassure Mr G that I've carefully considered everything that's been said and provided. Having done so, I haven't found any evidence from the time of the sale to support the allegations included within his claim. So, I can't say that Tandem's failure to uphold it was ultimately unfair or unreasonable. And because of that, I don't currently intend to ask them to do anything more.

### **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.

Tandem have acknowledged my provisional decision and confirmed they have nothing further to add. Despite follow up by this service, neither the PR nor Mr G have responded to my provisional decision with any new comments, information or evidence for me to consider. In the circumstances, I've no reason to vary from those findings. Because of that, I won't be asking Tandem to do anything more here.

### **My final decision**

For the reasons set out above, I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or

reject my decision before 31 January 2024.

Dave Morgan  
**Ombudsman**