

## **The complaint**

Mr S complains that Oakbrook Finance Limited, trading as Likely Loans, (“Likely Loans”) has not made a fair and reasonable offer in settlement of his complaint.

## **What happened**

In 2019 Likely Loans provided Mr S with a loan of £1,000. In 2022 Mr S complained that it had lent to him irresponsibly as he was unable to sustainably afford the repayments. Likely Loans accepted that it shouldn't have lent to him, and offered to refund all the interest charged and to remove any negative information about the loan from his credit file. This offer left him with a balance of just under £500 to repay to clear the debt, now owned by a third party after Likely Loans sold it on.

Mr S was unhappy with that offer as he believes the debt should be written off entirely. So he brought a complaint to this service. An investigator looked at the evidence and thought that what Likely Loans had already offered to do was fair and in line with our approach to resolving these sorts of complaints. So he didn't uphold Mr S's complaint.

Mr S asked for an Ombudsman to look at his case, reiterating that he believed writing off the debt was the fair resolution.

## **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.

This case only requires me to consider whether Likely Loans' existing offer to put things right is fair and reasonable. And I think it is, so I won't be directing it to do anything substantially further. I'll explain why.

Our well-established approach to such cases is to direct the business to refund the interest and charges to Mr S, as the best way of putting him back in the position he would have been in. This is because Mr S has had and spent the £1,000 he borrowed, so the fairest approach in cases such as this is to ensure that the business who made a mistake doesn't profit from that mistake. Where there is still a balance outstanding, typically any refund can be used to reduce the balance that the customer still owes the business.

There could be circumstances under which I would direct the full balance of the debt to be written off to restore fairness. But those circumstances would be rare and exceptional. Mr S has offered no reason as to why that would be fair in this instance, although he has suggested that a different business, against whom he raised a similar complaint, has apparently offered to write off the debt. I can make no comment on that case or its circumstances, as they are unknown to me. And the evidence in this case leads me to conclude that there is no reason to depart from our usual approach to redress in this instance. However, I will provide a little more specificity in confirming how Likely Loans should resolve this.

In line with our standard approach to such cases, Likely Loans should buy the debt back if it is able to do so and then take the following steps. If it is not able to buy the debt back, then it should liaise with the new debt owner to achieve the results outlined below.

- It must remove all interest, fees and charges from the balance on the outstanding loan, and treat any repayments made by Mr S made towards the loan as though they had been repayments of the principal loan amount of £1,000.
- If that means that Mr S would have made overpayments, then it must refund these overpayments with 8% simple interest\* calculated on the overpayments, from the date the overpayments would have arisen, to the date the complaint is settled.
- Alternatively, if there is still an outstanding balance following the account restructure, then Likely Loans should try to agree an affordable repayment plan with Mr S.
- It must remove any adverse information recorded on Mr S's credit file in relation to this loan, once it has been repaid.

\*HM Revenue & Customs requires Likely Loans to deduct tax from this interest. It should give Mr S a certificate showing how much tax it's deducted, if he asks for one.

### **My final decision**

For the reasons I've explained, I'm not directing Likely Loans to do any more than it has already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 September 2023.

Siobhan McBride  
**Ombudsman**