

## **The complaint**

Miss R is unhappy with the interest Ikano Bank AB (publ) ("Ikano") has applied to a fixed sum loan agreement she has with it.

## **What happened**

In February 2022, Miss R purchased furniture from a company I shall call "D". The total price was £768, and Miss R paid a £100 deposit. The remaining £668 was financed via a fixed sum loan provided by Ikano. Under the agreement Miss R was given a 12-month deferred period. If the total amount was repaid within that, then no interest would be applied. Following the deferred period, the agreement stated that monthly payments of £33.51 would be required until the loan is paid back in full. The maximum number of monthly payments would be 36.

A welcome letter was sent by Ikano that explained the actual date Miss R needed to repay the loan for interest to not be charged was 7 February 2023. However due to an issue with the door number, Miss R says it was never received.

Miss R says the sales advisor at D told her the deferred period ended in March 2023. In June 2022, Miss R contacted Ikano to enquire why monthly payments weren't being taken. The advisor explained that these wouldn't start until the 12-month deferred period ended and the first due date would be 6 March 2023. The advisor went on to explain that any payments made within the 12-month period would be interest free. But if any balance remained on the loan after that date, interest would be applied onto the account.

Following this call Miss R tried to make payments, but these were returned. In September 2022, Miss R called Ikano again regarding the returned payments. It was identified the issue was due to an incorrect reference number not being input. The correct reference number was provided. At the end of the call the advisor explained the deferred period expiry date for no interest to be charged was 7 February 2023. Miss R didn't reply further, and the call was ended by the advisor. On this call the incorrect door number was also updated.

In January 2023, Ikano sent Miss R a reminder letter to the updated address. This explained that if she wanted to pay back the loan without any interest charges, she needed to pay the remaining balance of £368 by 7 February 2023. As this didn't happen Ikano applied interest.

Miss R paid what she believed was the outstanding £368 at the beginning of March 2023. However, as interest had been applied a balance remained due. Unhappy that Ikano had applied interest, Miss R raised a complaint. Miss R said she had repaid the full amount inside the deferred period given to her by D's sales advisor.

Ikano issued its final response and said sufficient notice of the deferred period expiry date had been provided and therefore it wouldn't be removing the interest it had charged. Unhappy with Ikano's response Miss R referred her complaint to our service. One of our investigators considered the complaint and concluded that Ikano had given Miss R correct notice of the deferred period expiry when it sent her the reminder in January 2023. They also said any issues with the payments being returned weren't down to an error by Ikano.

Miss R didn't agree and again said she had been told by a sales assistant that she had until March 2023 to repay the loan without interest being charged. As Miss R didn't agree the complaint has been passed to me to decide.

## **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.

I would like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss R has said she was told when purchasing the furniture from D that she had until March 2023 to repay the loan for interest to not apply. I wasn't present for those discussions and there isn't anything in writing from D that appears to confirm this. So, while I don't doubt Miss R's testimony, I feel it's important here to look at the other evidence that's been provided.

The loan agreement is signed in February 2022 and explains the loan comes with a 12-month deferred period. The agreement says no payments are due for the first 12 months and if the amount of credit is paid back in full on or before the end of the deferred period no interest would be charged. It doesn't however give any specific date when the deferred period ends.

This information was included in the welcome letter. There was an issue that meant this was sent to an incorrect door number. This however doesn't appear to be down to an error by Ikano. It seems Miss R's door number changed and that caused the problem. At the time of the paperwork being sent, both Miss R and Ikano believed it was being sent to the correct address. I say this as when calling Ikano in June 2023, Miss R was still providing the incorrect door number. I do appreciate that because of the door number issue, Miss R says she didn't receive the welcome letter from Ikano.

When Miss R called Ikano in June 2022 to enquire why payments weren't being taken, she was given incorrect information regarding the deferred period end date. Listening to the call the advisor does indicate that its only after 6 March 2023 that interest would apply. Given what had happened up to this point, I can see why Miss R believed she had until early March 2023 to repay the loan for no interest to be charged.

Ikano does provide the correct information on the following call that Miss R made to it in September 2022. However, it isn't clear whether Miss R heard this or not. Miss R is in conversation with the advisor right up until they provide the deferred period expiry date as being 7 February 2023. At that point while the call appears to still be connected, Miss R doesn't respond.

Importantly here, in January 2023 Ikano sent a reminder letter of when the deferred period ended in. This was sent to the updated door number, so I have no reason to believe it wasn't received by Miss R. This letter gave the correct deferred period end date and so at that point Ikano had clarified any previous misinformation provided by it or D.

Miss R was given notice of the correct deferred period end date, in time, and payment in full wasn't received by then. I can't therefore say Ikano has acted unfairly here in applying the interest it has.

While it doesn't form part of what I've considered in this decision, I would like to remind Ikano of its obligation to treat Miss R with forbearance and due consideration in relation to the any outstanding amount that remains owed.

## **My final decision**

I don't uphold Miss R's complaint against Ikano Bank AB (publ).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 17 January 2024.

Paul Blower  
**Ombudsman**