

## **The complaint**

Mr P has complained about the way Clydesdale Financial Services Limited trading as Barclays Partner Finance (BPF) administered two fixed sum loan agreements he has with it.

## **What happened**

In February 2022 Mr P bought a device using a fixed sum loan agreement with BPF. The device cost around £1,050 and Mr P made an up-front repayment of around £45 and was due to make payments of around £40 for two years.

Mr P bought another device in September 2022 and as part of the process he traded in the device he bought under the first agreement. The trade in is something the device manufacturer offers. He says the trade in process he used meant he'd receive £550 for the first device. The device cost around £1,450 and the trade in value was put towards the second agreement, meaning he borrowed around £900. Payments were around £40 per month.

Mr P says he found out in November 2022 he had two credit agreements active because the trade in value was used to reduce the second agreement. But he says the trade in value should have been put towards the first agreement. He says he thought BPF should have set things up under one loan. He says the device manufacturer told him it would sort things out, but this never happened. Mr P says the impact of this is that it has affected his credit file and his ability to gain credit. He says had he been offered something called a flex loan he wouldn't have had this issue. He says the hard search and extra credit account has put him at a disadvantage. He says the device manufacturer should settle his first credit agreement and update his credit file.

Unhappy with what happened, Mr P complained. BPF responded to say Mr P agreed with the trade in value, and that this amount was deducted from the second credit agreement. It said both agreements were valid and so didn't uphold his complaint. Mr P referred his complaint to the Financial Ombudsman.

One of our investigators looked into things but didn't uphold the complaint. He said he'd not seen any evidence Mr P was told the trade in value would be used to reduce the first agreement. He said he'd not seen evidence this had negatively impacted Mr P, and that BPF had explained there were no negative markers on his credit file. He said BPF acted fairly by keeping the first agreement open because the full balance hadn't been paid off.

Mr P didn't agree. He said the correct procedure was to apply the trade in value to the first agreement. He said BPF should have checked his existing loans and offered him something called a flex loan. He says BPF shouldn't have started a new credit agreement.

Our investigator asked for some further information from BPF about whether Mr P ought to have had the option to put the trade in value towards the first agreement. BPF responded to say customers are asked whether they want to put the trade in value towards their existing credit agreement. When the customer chooses no they're shown how the trade in value is

applied and if they decline it, it states they are responsible for making sure they close out the old loan.

Our investigator put this to Mr P but he said that option wasn't presented to him.

As things weren't resolved, 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.

Mr P bought the devices using fixed sum loan agreements with BPF. These are regulated consumer credit agreements, and our service is able to consider complaints relating to these sorts of agreements. This decision is focussing on the way the trade in has impacted the credit agreements because this is the complaint Mr P raised that BPF has had the chance to consider.

It's important to note that I'm considering a complaint against BPF and not the supplier (device manufacturer). While I may be able to hold BPF responsible for antecedent negotiations carried out by the supplier prior to him entering into the agreement, I can't generally hold it responsible for the supplier's actions after that agreement was entered into.

I've not seen that Mr P has lost out financially with regards to the total amount he's paying for the devices. I note the trade in value was put towards the second agreement. But Mr P is unhappy the trade in value wasn't put towards the first agreement.

In September 2022 Mr P owed around £700 towards the first agreement, so the trade in value wouldn't have settled the loan. But Mr P is saying the loan should have been restructured so that he would have had one agreement. This would have been for the price of the first phone (around £1,450), plus what would've been the difference between what he owed on the first agreement (around £700) and the trade in value - £550.

The problem that I have is that I simply don't have sufficient evidence Mr P selected to have the trade in applied to the first agreement, or that he selected to have some sort of flex-loan. BPF explained he would have been given the option to put the trade in to the first agreement, but Mr P said he wasn't. The evidence is conflicting. Not everyone trading in a phone would have bought it under a credit agreement, so you'd expect there to have been different options when undertaking the trade in. But I've not seen that Mr P received something he didn't select.

I can see why Mr P would have wanted the trade in put against his first agreement. Had things worked as he says they should have done, he would have only had one repayment to make. As it turned out, he now has two payments and two credit agreements on his credit file. But the total amount of credit is the same as it would have been, even if it was under one agreement. He's not shown us that this has caused him detriment. Moreover, BPF was offering further credit to him, so it's likely he would have had another search carried out before it agreed to do that, so I don't think he's lost out in that regard either.

All things considered, I sympathise with Mr P. It looks like he was told that this could be sorted out. But I can't see that was done by BPF. He's paying slightly more monthly (until he pays off the first agreement, which is due to happen naturally in a few months' time). But the total amount payable is correct. He's not lost out there. I've not seen enough to show he was misled or that BPF has acted unfairly. It wouldn't be fair to direct BPF to settle the first

agreement because then Mr P would benefit twice for the trade in. So I don't find I have the grounds to direct it to take any action.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 November 2023.

Simon Wingfield  
**Ombudsman**