

The complaint

Mr B complains Klarna Bank AB (publ) haven't been adhering to the terms of his loan agreement when attempting to take payments.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

I issued my provisional decision on 1 December 2023, and I explained I was minded to uphold Mr B's complaint – albeit, not as he'd hoped. I said I was satisfied Klarna's offer of an additional £30 was a fair resolution to this complaint.

Mr B and Klarna had until 15 December 2023 to send any additional points and/or evidence they wanted me to consider. Klarna accepted my provisional decision, but Mr B didn't respond. As such, my decision has remained the same.

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.

Having considered everything, I'm upholding this complaint – albeit not as Mr B hoped. I'll explain my reasoning below.

Mr B took out a loan with Klarna to pay for kitchen worktops and their installation. He's complained Klarna have incorrectly said his payments were due to start in June 2022 because the installation of his kitchen hadn't been completed by that date. For me to make a finding on when Mr B's repayments were due to start, I've first had to consider what is explained in his credit agreement.

Having reviewed Mr B's credit agreement, I've seen it explained the duration of the agreement is *"24 months (from shipment of the goods/services made by the Supplier under the Agreement)."* And under the section headed **"Repayment details:"**, it says *"You shall repay the total amount payable by an initial payment of £208.34 payable one month after the shipment of the goods/services made by the Supplier..."*. Klarna has also provided us with a copy of the welcome letter they sent to Mr B at the end of March 2022. This explained his payment plan would start on the 5th of the month after the supplier has started to process his order.

Given the information detailed in Mr B's credit agreement and welcome letter, I'm satisfied that the documentation he received clearly explained his payment plan would start one month after the products he ordered were shipped – or processed. Nowhere in Mr B's credit agreement or welcome letter was it said that payments would start after everything had been completed with the delivery and installation of the goods.

Klarna has sent us evidence showing Mr B's order was "processed" on 6 May 2022; and Mr B has sent us evidence to show the worktops were at his property in May 2022 (albeit the quality wasn't of the standard he anticipated). Therefore, regardless of the problems he had with the product, the terms and conditions of his agreement stipulated that his payment plan was due to start on 5 June 2022.

While I am satisfied with the start date of Mr B's payment plan, I do consider the level of service he received fell short when he raised a dispute about the worktops. That's because while the dispute was ongoing, Klarna told Mr B his payment plan would be paused. However, they didn't explain that once the dispute was closed, they would need to bring the payment plan up to date. This was particularly disappointing to see because once the dispute was resolved, Mr B proactively asked what would happen with his payments and when his first payment would be taken.

Despite Mr B's dispute being resolved at the start of July 2022, it wasn't until the end of July 2022 that one of Klarna's advisers told Mr B the reason why they had attempted to take two payments that month. And this only happened after Mr B had explained his concerns to a number of different advisers. This created avoidable inconvenience and confusion for Mr B.

Given Klarna's mistakes, I do think it's necessary for them to take steps to put things right. Klarna's final response letter offered Mr B £30 in recognition of the distress and inconvenience he experienced due to their failure to proactively provide clear information. It took around three weeks for Klarna to provide the necessary information about Mr B's payment plan following the dispute, so I'm satisfied their award is line with what I would have suggested for that period of time.

I appreciate Mr B continued to query his payment plan after the three-week period detailed above. However, I'm satisfied that by the end of July 2022 he had sufficient information from Klarna to understand when his payment plan started, why it started in June 2022, and why Klarna attempted to take two payments in July 2022. Therefore, I cannot fairly hold Klarna responsible for any additional distress and inconvenience he experienced after this date. In addition, raising a complaint comes with an inevitable element of inconvenience and that isn't something we'd ordinarily make an award for.

Our service doesn't have the power to make Klarna change their processes, or the training given to their advisers. So, while Mr B would like Klarna to take steps to do this, I can't direct them to do so.

Mr B didn't accept Klarna's £30 offer, so it hasn't been paid to him. I would now expect Klarna to make that payment if Mr B accepts it.

For the reasons above, I'm upholding Mr B's complaint.

My final decision

My final decision is that I'm upholding Mr B's complaint about Klarna Bank AB (publ).

To put things right, Klarna Bank AB (publ) should pay Mr B the £30 offered in their final response letter. This is in recognition of the distress and inconvenience caused by their failure to provide clear information about his payments following the dispute.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 February 2024.

Sarrah Turay
Ombudsman