

The complaint

Mrs C is unhappy that Redhawk Legal Ltd (Redhawk) has failed to explain the fees she's been charged, and it has employed a debt collector to collect the fees.

What happened

In 2017, Mrs C asked Redhawk to make claims for mis-sold PPI on her behalf. She said she received a refund of PPI refund in September 2018. She said she heard nothing from Redhawk until November 2019 when she received a letter from a debt collector saying they were acting on behalf of Redhawk. She says debt collection fees have been added to the original fees, and she says these could have been avoided if Redhawk had contacted her sooner.

Redhawk said it obtained PPI refunds for Mrs C, and it'd made several attempts to contact her by letter, telephone, email and text message to arrange payments of the fees. It also confirmed it had passed her account to an external debt collection agency because it'd reached the end of its own collection process.

Our investigator felt that Redhawk had acted reasonably. She found that it had made successful claims on Mrs C's behalf, and it was clear about the fees being owed. She also felt that it had reasonably contacted Mrs C about the fees. She asked why Redhawk had passed the account to an external debt collector, and overall felt that Redhawk had acted fairly and reasonably.

Mrs C disagreed and asked for an ombudsman's decision.

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'm not upholding this complaint. I'll explain why.

It's not disputed that Mrs C asked Redhawk to make claims for PPI refunds on her behalf.

I can see that Redhawk made six successful claims. Mrs C has provided a copy of an email she received from Redhawk in July 2017. This confirms PPI refund offers were made by one of the lenders, and it also included an invoice setting out the fees Redhawk was charging. So I'm satisfied that Redhawk did tell her about the offers, and what fees it was due based on the offers made.

Mrs C said it wasn't clear whether she should respond to the lender or to Redhawk - but she's also provided a copy of an email she received from Redhawk in October 2017. This

advised her the lenders were waiting for her to complete acceptance slips. Importantly it also gave her a contact at Redhawk should she need further information. So based on this, and the other correspondence I've seen (listed by our investigator in emails she sent to Mrs C), I'm satisfied that Redhawk told Mrs C what PPI refunds had been made by her lenders, and what fees she owed.

There was a delay in some payments being made to Mrs C, with some refunds not being paid until August 2018. It looks like this was because of the delay in Mrs C returning the acceptance forms. But it remains the case that Redhawk made claims on Mrs C's behalf, and she obtained refunds because of those claims. Therefore, I'm satisfied that the fees claimed by Redhawk are reasonable and in line with the service Mrs C signed up for.

The fees charged by Redhawk are in line with the terms Mrs C signed up to in 2017. As this was before the regulator imposed a cap on the level of fees in April 2018, it's reasonable for Redhawk to still claim the fees set out in the invoices.

Mrs C is also unhappy that Redhawk passed her details to an external debt collection agency. I'm satisfied that this was also a reasonable step for it to take. It made Mrs C aware of the fees she owed, and I can see it made numerous attempts to contact her by text and email. And in December 2017, it informed her it would be passing her account to an external debt collection agency. It stopped sending reminders when it reached the end of its internal collection process, and made a commercial decision in 2019 to outsource its collections activity. This is a reasonable step for it to take, like many organisations.

It's unfortunate that this meant it was more than a year later before Mrs C was contacted again. But the debt is still owed, and the law allows a debtor in most cases up to six years to collect a debt. So I don't think it's unreasonable for Redhawk to ask an external debt collection agency to pursue Mrs C for the outstanding fees.

Mrs C will need to formally complain to the debt collector if she's unhappy with the collection fees they've added to the original debt.

My final decision

For the reasons given above, I don't uphold this complaint. I don't require Redhawk Legal Ltd to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 31 July 2020.

Gordon Ramsay
Ombudsman