

The complaint

Miss S complains about how London Community Credit Union Limited (LCCU) has dealt with her loan.

What happened

Miss S says she took out a loan with LCCU in 2015 for 33 months. She says the final payment ought to have been in April 2018. Miss S says she is still making repayments and received a refund of about £480. She says the wrong interest rate has been used and would like an explanation for what took place as well as compensation.

LCCU hasn't replied to the complaint or provided us with information about this complaint.

Miss S had brought her complaint to us and our investigator upheld it. The investigator thought it impossible to say what had gone wrong with the loan but could see there was a refund of nearly £600 which suggested a mistake. The investigator recommended LCCU pay £150 compensation for what took place and confirm to Miss S the exact status of the loan as well as amend the loan if an incorrect interest rate was used.

Miss S says the compensation offer doesn't go far enough.

LCCU has not responded.

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 done so I have come to a similar overall view as the investigator and for similar reasons. I make clear that it would have been helpful for LCCU to have provided us with its loan records and an explanation for the loan interest refund.

I can't be sure what exactly took place here without LCCU's records but can see that there was a loan interest refund of just under £600. I agree with the investigator's view that the refund suggests something went wrong. I appreciate in those circumstances Miss S's concerns and I understand why she would like to know exactly how much she owes LCCU. And how long remains on the loan. I also accept Miss S would have been caused distress and inconvenience in trying to find out what took place and why the loan appears to be still in place.

For those reasons I think LCCU should pay Miss S £150 compensation which I think reflects the level of distress and inconvenience Miss S was caused. I find that award would be fair and reasonable.

I also think LCCU should explain to Miss S what took place and why it made the refund. It should also re-calculate the loan as it's clear Miss S is unsure about what took place and why the loan is still be repaid.

Putting things right

LCCU should pay Miss S £150 compensation. It should also confirm the loan final repayment and explain to Miss S what took place and re-calculate the loan to make sure the correct interest rate was used.

My final decision

My final decision is that I uphold this complaint. I order London Community Credit Union Limited to pay Miss S £150 compensation. I also order it to provide Miss S with an up to date loan repayment schedule, which includes the final payment, that has been checked and if necessary, it should amend the loan if an incorrect interest rate was used.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 July 2021.

David Singh
Ombudsman