

The complaint

Mr R complains about the way OVO (S) Home Services Limited (OVO) pursued him for a debt it said he owed on his cancelled home services policy.

What happened

In June 2018 Mr R renewed his boiler home services policy with OVO. Mr R opted to pay his premium in twelve monthly instalments.

OVO initially told Mr R it would collect the first instalment in August 2018. But, to recognise some payment problems at renewal, OVO decided not to collect the first instalment from Mr R as a goodwill gesture. It started to collect payments monthly by direct debit from September 2018.

In May 2019, Mr R received documents ahead of his policy being renewed the following month. Mr R wasn't happy that the renewal quote was significantly more than the previous year's premium (particularly as he wasn't happy with aspects of OVO's service). So, he decided to cancel his policy.

Mr R waited until the June 2019 instalment had debited his account and then told OVO he was cancelling the policy and his direct debit.

In the meantime, OVO renewed the policy and then cancelled it in line with Mr R's request.

OVO wrote to Mr R on two occasions in July 2019 to tell him that a payment couldn't be collected because the direct debit had failed. OVO told Mr R that if he wanted cover to continue, he should ask his bank to reinstate the direct debit instruction. Or if he wanted to cancel the cover, he should call OVO to arrange that.

In March 2020, a debt collection agency contacted Mr R telling him he owed OVO an outstanding balance. Mr R responded to the debt collection agency and asked for an explanation why he owed the debt.

Mr R then complained to OVO, which responded to his complaint in late March 2020. OVO said it was satisfied it had acted within the terms of its agreement with Mr R, so it rejected his complaint. Amongst its reasons it said it had written to Mr R twice in July 2019 to tell him it couldn't collect direct debit payments. As the policy had been cancelled, the letters didn't refer to an overdue payment, but a failed direct debit. It also said it was entitled to contact debt collection agencies in line with the terms of Mr R's policy. OVO invited Mr R to complain to our service if he wasn't happy.

Mr R complained to us in April 2020.

One of our investigators looked into Mr R's complaint and felt that as the debt was owed on the 2018/19 policy, it was reasonable for OVO to pursue it. Whilst Mr R accepted the investigator's explanation about outstanding payments, he wasn't happy because OVO

didn't communicate with him about the missed payment. And he felt by engaging debt collectors without any forewarning or explanation, OVO harassed him. Whilst our investigator felt OVO's communication could have been clearer, she didn't think Mr R's comments altered her assessment overall. As Mr R didn't agree, the matter's been passed to me to decide.

What I provisionally found – and why

I sent Mr R and OVO my provisional decision on 27 August 2020. I've included the relevant extracts below:

"In bringing this complaint, Mr R said OVO unfairly chased him for a debt he didn't owe. And that in pursuing the debt in the way it did, OVO harassed him and caused him worry and frustration.

As Mr R now accepts our investigator's explanation about why he owes an outstanding balance to OVO, I've focussed in this decision on what I believe to be the key outstanding issue since our investigator issued her assessment. That is, the way OVO pursued the outstanding debt from Mr R.

And having thought carefully about what Mr R said, unless I receive other evidence, I'm likely to partly uphold this complaint. I'll explain why.

Mr R says a lot of time and trouble could have been saved if OVO had clearly explained to him earlier why the debt was outstanding. I agree.

I've looked at the wording of the letters OVO sent in July 2019. I can see it told Mr R if he wanted cover to continue, he should ask his bank to reinstate his direct debit. Or, if he wanted OVO to cancel his cover, he should call to arrange that. But at the point at which OVO wrote to Mr R, he wanted neither of those things. I say that because he'd already told OVO he wouldn't be renewing his policy and he'd cancelled his direct debit. So, given the wording of OVO's letters, I can see why Mr R probably thought there was no need for him to get in touch. Based on what I've seen, I'm not satisfied OVO made it at all clear it was referring to missing payments for the previous policy period. I am satisfied, however, that the lack of clarity or accuracy in the letters is the root cause of the problems Mr R is complaining about.

Mr R says OVO harassed him by engaging debt collectors without any forewarning. Whilst I'm satisfied OVO was entitled to instruct debt collectors in line with the terms of the policy, that, in itself, doesn't mean it was reasonable to do so. So, I've thought more about this. The amount of contact from OVO and the debt collectors wasn't excessive in number, so I don't agree it constitutes harassment in that sense. But I do agree with Mr R that the debt collectors were instructed without any forewarning by OVO. And I also accept that caused him worry and frustration.

In any event, before instructing debt collectors, I'd have expected OVO to have made its own reasonable attempts to collect the outstanding payment. I'm not satisfied it did that. I say that because referring an outstanding debt to a debt collection agency is a fairly serious step for a company to take. And, on balance, I'm not persuaded two identical letters - weeks apart - followed by no contact at all for many months constitutes reasonable effort on OVO's part to collect payment.

Had OVO been clear about the overdue payment and told Mr R it was intending to refer the matter to debt collectors, I think it's likely Mr R would have got in touch to sort the

problem out and stop things from escalating. I say that because the evidence suggests Mr R responded to the debt collection agency straight away, so it's likely he'd have done the same if OVO had got in touch sooner.

Overall, I don't think OVO acted in a fair or reasonable way. And that's caused Mr R unnecessary frustration and worry. To put things right now, I'm intending to direct OVO to pay Mr R compensation of £100 to recognise the impact of its actions"

Response to my provisional decision

Neither Mr R or OVO had any additional comments to make or information to give me in response to my provisional decision.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither Mr R or OVO had any additional comments to make, or new information for me to consider, I see no reason to depart from what I said in my provisional decision. So, my final decision is set out below.

My final decision

I partly uphold this complaint. And direct OVO (S) Home Services Limited to pay Mr R £100 compensation to recognise the unnecessary frustration and worry caused by its failure to make reasonable effort to collect an outstanding payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 October 2020.

Amanda Scott
Ombudsman