

The complaint

Mr and Mrs B complain that JPS Financial Ltd (JPS) are pursuing them for fees for work carried out in relation to a mis-sold Payment Protection Insurance (PPI) claim. Mr and Mrs B say they didn't agree for any work to be carried out and want JPS to stop chasing them for payment.

What happened

JPS carried out work for Mr and Mrs B in relation to a claim for mis-sold PPI on a credit card they held with a company - who I'll refer to as company S. JPS started looking into the claim following Mr and Mrs B signing a contract and then received confirmation from company S that PPI had been applied to the credit card. JPS arranged for a questionnaire to be completed and sent this to company S. JPS then received information from company S which suggested a final answer had been issued in the claim. JPS then contacted Mr and Mrs B and asked them to complete a new letter of authority to allow JPS to get a copy of the final response from company S.

JPS sent an invoice for £665 to Mr and Mrs B for the work they had carried out. This said, JPS had previously sent letters to Mr and Mrs B asking them for an updated letter of authority. They said, because they hadn't received the requested authority to progress the claim against company S, they had now closed this case. JPS explained that in line with the client contract, they were entitled to charge for work done on this case. They said they had reviewed the file and the costs had been calculated at £665 including VAT representing seven hours of work they had carried out. They attached another letter of authority and said the costs would be waived if Mr and Mrs B sign and return this. They asked for payment within seven days and said a failure to pay the invoice by the due date may incur further charges.

Mr and Mrs B complained to JPS and they replied to say they first got in touch with Mr and Mrs B after they had completed an online form. This led to Mr and Mrs B signing a contract for JPS' services. They said they then started looking into the claim against company S and continued to progress it until they received a request from company S for a new letter of authority. They said this indicated a final decision had been made by company S. They gave Mr and Mrs B the option of signing and returning the letter of authority or to provide JPS with a copy of the final response. They said, if neither of these options are chosen, then the invoice for £665 would stand. JPS didn't uphold the complaint

Our investigator looked into things for Mr and Mrs B and thought that JPS hadn't acted unreasonably in claiming their fees. Mr and Mrs B disagreed so the matter has come to me for a 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.

Having done so, I've decided not to uphold the complaint. I understand Mr and Mrs B will be disappointed by this but I'll explain why I have made this decision.

I've seen a copy of the client contract signed by Mr and Mrs B. This says that, by signing the contract, Mr and Mrs B agree to the terms and conditions and will become a client of JPS. The contract goes on to say that the agreement will end when JPS recover all redress for Mr and Mrs B or they inform them that no redress is due, and all invoices raised in line with the agreement have been settled. I've seen a letter of authority signed by Mr and Mrs B instructing JPS to act for them in a claim for mis-sold PPI against company S. Mr and Mrs B later completed a questionnaire giving JPS further details about their claim. The questionnaire also contains JPS' opinion on whether the claim has merits and notes the various breaches.

JPS have also provided a recording of a telephone call they had with Mr B during which they explained they had heard back from company S who had confirmed PPI had been applied to the credit card. JPS went through a number of questions relating to the claim which Mr B answered. The questions included, what information company S gave Mr and Mrs B at the time they took out the credit card and also querying whether a range of scenarios which might've led to a claim being made against the PPI policy had occurred. The call went into significant detail about the circumstances surrounding the PPI claim and the questionnaire was being completed by the call handler at JPS at the same time. At the end of the call, the call handler explains to Mr B that they will be sending the questionnaire to company S and they would then need to wait for a final response.

I think the contract, the signed letter of authority, the questionnaire and the call recording leave no doubt that Mr and Mrs B had instructed JPS to act for them in the claim against company S. And, I think it's reasonable to conclude that Mr B was aware JPS are acting for him and Mrs B given that the call handler explained the next steps.

I've looked at the terms and conditions which set out the agreement between Mr and Mrs B and JPS. The terms and conditions say the following:

"1.5 You agree to supply the Company with all relevant information that we may reasonably request in order to help us pursue a claim on your behalf..."

"1.6 You agree to supply the Company with all relevant information in your possession..."

"6.4 Should you materially breach this Agreement, you will have 14 days in which to remedy any breach. Following expiration of the 14 days, and where the breach has not been remedied, the Company reserves the right to terminate the Agreement immediately, and will provide you with written confirmation of this within 7 days. All Fees due under clause 2 will remain payable."

Clause 2 of the terms and conditions relates to fees and says that if the agreement is terminated before a final decision is made on the claim, JPS can charge a reasonable fee for work done. And, the rate will be charged at £95 per hour.

I can see that JPS ended the agreement following unsuccessful attempts at getting information from Mr and Mrs B. The terms and conditions do allow JPS to ask for information and sets out a requirement for Mr and Mrs B to provide information. In this case, the

information which was requested and not supplied was a new letter of authority. I think JPS' request for this was reasonable as they received information from company S which suggested a final response had been issued. So, JPS would've needed this to move the claim forward.

The information I've seen shows that JPS did give Mr and Mrs B opportunities to provide the information but Mr and Mrs B never did. The final response letter to Mr and Mrs B's complaint explains that JPS want to resolve the matter amicably and if Mr and Mrs B sign the letter of authority and JPS find that the claim wasn't upheld, then they wouldn't charge them. They also said, if they find the claim was upheld due to the work they carried out then they would invoice Mr and Mrs B in line with the contract signed by them. They said if Mr and Mrs B don't sign the letter of authority or don't provide a copy of the final response from company S, then the £665 invoice would stand. JPS agreed to place the file on hold for 21 days to allow Mr and Mrs B a chance to consider the position.

I can see there were further exchanges in emails following the final response letter. JPS again asked Mr and Mrs B to provide either a copy of the final response from company S or to sign the letter of authority. And, they again confirmed if the final response shows the claim wasn't upheld then they will close their file with no charge to Mr and Mrs B.

I understand Mr and Mrs B are concerned about JPS pursuing them for the fees which have arisen following the termination of the agreement, but I can't say JPS have acted unfairly or unreasonably. JPS have acted in line with the terms and conditions which allow them to terminate an agreement if a client doesn't provide information and then claim costs charged at an hourly rate. JPS say they've carried out seven hours of work and, when applying an hourly rate of £95, this does arrive at a figure of £665. And, I can see that JPS have gone further and allowed Mr and Mrs B opportunities to provide the information requested and avoid this fee. Our investigator did attempt to mediate between the parties to see whether JPS would now accept a letter of authority – I can see they declined this. I can't however say they acted unreasonably here given that the terms and conditions do allow JPS to take the action they have.

Mr B has told us about both his and Mrs B's personal circumstances and I am sorry to hear about the impact this is continuing to have on them. Mr B has told us that he has recently received court documents relating to JPS' claim for fees. I understand this will be upsetting for him and Mrs B but the terms and conditions do allow JPS to take court action. So, I can't say they are acting against the terms and conditions or otherwise in a manner which is unfair and unreasonable.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 15 February 2021.

Paviter Dhaddy
Ombudsman