

## **The complaint**

Miss T says Western Circle Ltd trading as Cashfloat didn't act in a timely manner when she told it that she was in financial difficulty. Because of this additional interest and charges were added to her account. She feels that these should be refunded to her.

Miss T has also made a complaint about irresponsible lending. This has been considered separately.

## **What happened**

This complaint is about a payday loan Cashfloat provided to Miss T in July 2019. This loan was for £500. Miss T was due to make three monthly repayments of around £240. The agreement was due to end on 30 September 2019.

Miss T was able to make the first repayment due on 31 July 2019. But she was unable to make the subsequent two repayments.

Miss T has provided details of the contact she has had with Cashfloat about this issue. There is a large amount of this, so I won't detail everything here. But I'll outline what I think are the most important aspects of it below:

- on 11 September 2019 Miss T and Cashfloat corresponded about the loan arrears. Miss T says she informed it that she was having repayment problems and asked that any further interest on the loans be suspended.
- on 24 September 2019 Miss T complained about irresponsible lending. I understand the interest and charges on the loan were suspended shortly after this.
- on 24 October 2019 Cashfloat rejected Miss T's complaint about irresponsible lending. It said the period when interest would not be added was now over.

There was a significant amount of correspondence after this time. Miss T was still unable to make the loan repayments and she explained why. She also explained about some other problems she was having. The loan moved into arrears and Cashfloat took steps to recover the amounts Miss T owed.

I can see a payment plan was discussed multiple times and this is what Miss T wanted. But this wasn't put into place until 13 May 2020. I understand that Cashfloat and Miss T agreed that she would repay £25 a month. Cashfloat also agreed to write off £250 of the loans outstanding balance as a goodwill gesture.

Miss T didn't agree that this was a reasonable way to resolve her complaint.

Our adjudicator upheld the complaint. He was persuaded that Cashfloat shouldn't have applied any interest after the communication of 11 September 2020. He also thought that Cashfloat should've taken steps to arrange a repayment plan at a much earlier time. It didn't act on Miss T's request to correspond by email, it asked her to talk on the phone on numerous occasions. He thought all of this had also caused Miss T some distress and inconvenience.

Cashfloat disagreed with the adjudicator's opinion. It said that the email of 11 September 2019 wasn't a clear indication of financial hardship as Miss T had offered to repay the loan in full at a later date.

As no agreement has been reached the complaint has been passed to me.

### **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.

We've set out our general approach to complaints about irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

I've decided to uphold Miss T's complaint and I've explained why below.

An overarching principle of the regulations that Cashfloat operate under is that it needs to treat its customers fairly. It should act positively and sympathetically if a consumer finds themselves in financial difficulty. And it should try to resolve any issues that this causes.

Having looked at all of the correspondence I think the crux of this complaint is should the communications in early September have been enough to alert Cashfloat to Miss T's financial problems. In my view they were.

As a starting point Miss T had been unable to make the loan repayments on time – her loan account was already in arrears when she made contact. And she had contacted Cashfloat to say that whilst she intended to pay in the future she would also not be able to make the next repayment on time. Whilst she did say that she would repay the loan in full in the near future this seems to be more of an aim than Miss T informing Cashfloat she wouldn't be in financial difficulty in the future.

So, it follows that I think Cashfloat should have stopped charging interest at this point until it could agree a repayment plan or assist Miss T some other way. And it should have looked into Miss T's circumstances to see what the best way was to do this. As far as I can see Cashfloat didn't do this.

So, I think Cashfloat remove any interest that was added to Miss T's loan after 11 September 2019.

This situation wasn't resolved for some time. As I've outlined above it took almost eight months for a repayment plan to be put in place. Whilst I can accept that it isn't always easy to sort out situations where a person is in financial difficulty this is still far too long. It is clear Miss T wanted to come to some kind of payment arrangement very early on here and I don't think Cashfloat was always helpful about this.

So Cashfloat should amend Miss T's credit file to show that she entered a repayment plan on 11 September 2019. I appreciate this may not be the exact date a payment plan would've been agreed but I don't think it's unreasonable to use this date to resolve this issue.

And lastly Miss T clearly asked to correspond by email or text message and she explained why this was. I don't think this was unreasonable. But I've seen multiple instances where Cashfloat asked Miss T to contact it by telephone to arrange a repayment plan. And these communications suggested this was the only way she could do this. Or that she would get a 'better deal' if she spoke over the telephone. This is unfair and I think it would have unnecessarily caused Miss T distress and inconvenience. I think Miss T should be paid

compensation of £150 for this. And Cashfloat should continue to correspond with her via email or text message going forward where this is practical.

### **Putting things right**

Cashfloat should now:

- remove any interest, fees and charges incurred on Miss T's account from 11 September 2019
- amend the information recorded on Miss T's credit file, so that it shows that a payment plan was applied on 11 September 2019
- ensure, that Miss T's communication requests are adhered to as far as possible
- pay Miss T £150 for the trouble and upset that has been caused

### **My final decision**

For the reasons I've explained, I uphold Miss T's complaint.

Western Circle Ltd should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 11 December 2020.

Andy Burlinson  
**Ombudsman**