

## The complaint

Mr H complains London Community Credit Union Limited (LCCU) debited money from his credit account they said had been credited to him by mistake.

## What happened

Around May 2020 Mr H was told his account was overdrawn by over £500.

LCCU said his balance had been reduced due to a system failure which had inadvertently increased Mr H's balance after a few separate transactions had been made. LCCU said they became aware of the errors during an audit they carried out in April 2020.

Mr H says he asked LCCU to provide details of the transactions but never received them. He was unhappy he had to take out a loan to repay the money back to LCCU.

Mr H raised a formal complaint with LCCU. He felt it was unfair he should have to repay the money.

Mr H didn't receive a response, so he brought the complaint to our service.

Our investigator recommended we uphold Mr H's complaint. Based on the information available to him, he said there was no evidence to show LCCU had ever provided Mr H with a breakdown of the charges to the account. He also said it was unfair for LCCU to debit the whole amount from Mr H's account in one go and this left him in a difficult position financially,

LCCU didn't respond to our Investigator so the complaint was passed to me.

LCCU then provided further comments and information for me to consider. Including a copy of a loan agreement signed by Mr H in May 2020 and copy statements of Mr H's account.

I issued a provisional decision on 11 December 2020. In my provisional findings, I said:

*"Based on what I've seen so far, I'm minded to uphold Mr H's complaint but for different reasons to our investigator. I'll explain why.*

*LCCU has provided copies of statements Mr H's account and I can see where the issues described have occurred, meaning his account was credited rather debited. As Mr H has had benefit of money that he wasn't intended to have, I don't think it's unreasonable for LCCU to claim the money back when they recognised the error.*

*But I would expect them to treat Mr H fairly in doing so. LCCU have provided a copy of an agreement for a loan set up so Mr H could repay the money in instalments. The agreement shows the loan is interest free - and I can't see anything from this or the statements that persuades me Mr H incurred any charges as a result of the error.*

*The agreement shows the repayments were around £25 per month and I can see from the account statements the total amount being credited to his account to restore his bank*

*balance. So, I think LCCU have acted fairly here.*

*LCCU accept their system error caused the balance to be credited rather than debited. But I don't think they've done enough to acknowledge the inconvenience caused to Mr H. The transactions were reversed in April 2020, but I can see the loan was not paid to Mr H's account until around four weeks later. Although I can see a conversation took place between Mr H and LCCU shortly before this, I can't see they contacted Mr H in advance to let him know the money was being taken – or why. So, although they set up the loan, I think the initial impact of finding a large sum of money missing from his account, and being without that amount, must have been quite distressing for Mr H. I can also see Mr H requested for detail regarding the transactions from LCCU – but I can't see they ever provided this to Mr H.*

*Putting things right*

*Taking everything into consideration I think it's reasonable LCCU pay Mr H £175 compensation as I think this fairly reflects the distress and inconvenience, he has been caused.*

*LCCU should also remove any negative or adverse information on Mr H's credit file related to this matter. This should be from when they corrected the error and recovered the money to when they transferred the loan into Mr H's account."*

LCCU hasn't sent me any further comments or information.

Mr H reiterated his earlier points about LCCU but did not provide any new information for me to consider.

### **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, my decision and reasoning remain the same to what I explained in my provisional decision.

### **My final decision**

My final decision is that I uphold Mr H's complaint.

I direct London Community Credit Union Limited to:

- Pay Mr H £150 compensation.
- Remove any negative or adverse information on Mr H's credit file related to this matter. This should be from when London Community Credit Union Limited corrected the error, and recovered the money, to when they transferred the loan into Mr H's account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 February 2021.

Michael Baronti  
**Ombudsman**