

The complaint

Mr P complains Clydesdale Financial Services Limited trading as Barclays Partner Finance (BPF) failed to adhere to an agreed payment plan arrangement, charged interest and placed his debt with a debt collection agency.

What happened

Mr P entered into a payment plan arrangement via a debt charity in April 2019. An agreement was made with BPF to accept £5 per month. Mr P says he received a letter from BPF in October stating his account was in arrears and placed with a debt collection agency. Mr P rang BPF who explained the plan had been broken. Mr P says he had no previous notice from BPF that he was in arrears and all his payments had been made.

BPF says payments were late and some outside their tolerance allowance and as such the plan had been broken. BPF say they attempted to contact Mr P in August and the debt was passed to a debt collection agency, as the payments were outside the agreement made with them and the debt charity.

Mr P wasn't happy with BPF's actions and referred the matter to this service.

The investigator upheld part of the complaint as he felt BPF could have done more after August 2019 to contact Mr P and as a result should refund interest charges applied for September and October 2019. The investigator didn't feel this warranted any compensation payment as BPF had acted fairly when passing the debt to a collection agency.

Mr P wasn't happy with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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 have come to the same outcome as the investigator and I will explain how I have come to my decision.

I can understand that it would have been a difficult and stressful time for Mr P when he found himself in a position needing to enter into a payment plan with BPF with the help of a debt charity. When considering this complaint, I have looked at whether BPF acted fairly in charging the interest on his debt while in an agreed payment plan and if they acted reasonably when passing the account to a debt collection agency.

What happened here is Mr P entered into a payment plan with BPF via a debt charity. From the information I have seen BPF set the agreement to receive payments on the 13th of each month commencing May 2019. Statements provided to this service show the payments weren't received until 20th May 2019 and 21 August 2019, in between the payments were

received on the 18th of each month. While BPF operate a tolerance policy of five days, to allow some extra time for customers in these circumstances, it is clear that May and August's payments are outside of this.

Mr P say he wasn't aware of the problems until he heard from BPF in October 2019 when they informed him the account had been passed to a debt collection agency. BPF maintain they did attempt to contact Mr P in August 2019.

I understand what BPF say here but like the investigator I can't see they attempted to contact Mr P after the late payment in August and it would have been reasonable for them to have done so to understand why these were late and given Mr P the opportunity to correct this, after all the payments were received each month, albeit late. That said allowing a few days tolerance is evidence that BPF were acting reasonably but that's not to say they have to accept late payments, when considering this happened every month since the plan was put in place.

In the circumstances here I am satisfied, while BPF were able to begin to charge interest because of late receipt of payments from Mr P, they could have done a little more here to contact Mr P to establish why these continually arrived later than the agreed date of the 13th of each month. So, like the investigator I accept that as a compromise BPF should refund the interest charged for September and October 2019. I can't see that BPF can be held responsible for why the payments were received late, so I don't support Mr P's view a compensation payment is due here, as the payment arrangement was outside the agreement with BPF and in any event he hasn't been financially disadvantaged beyond the interest we have asked BPF to refund.

I do feel that while Mr P may not agree, BPF have the right to place the debt with a collection agency if they feel this is the best way to manage the debt, provided the terms of the plan remain unaltered and this is what happened here.

I understand BPF have now agreed to refund the charges for September and October 2019 and while Mr P may not be happy with my decision, I won't be asking anymore of BPF here, other than this.

Putting things right

I instruct Clydesdale Financial Services Limited trading as Barclays Partner Finance to refund the interest charges made to Mr P's account in September and October 2019 of £23.69 and £5.40 respectively.

My final decision

My final decision is that I uphold this complaint.

I instruct Clydesdale Financial Services Limited trading as Barclays Partner Finance to refund the interest charges made to Mr P's account in September and October 2019 of £23.69 and £5.40 respectively.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 March 2021.

Barry White
Ombudsman