

The complaint

Mrs B complains that PDL Finance Limited trading as Mr Lender hasn't treated her fairly.

What happened

Mrs B had an outstanding debt with Mr Lender which she was repaying through a debt management plan (DMP). While in the DMP she received offers from Mr Lender to settle her debt earlier and receive a discount on the amount she owed. Mrs B says she wanted to take advantage of one of the offers of reduced payments over a few months (as these were similar to the amounts she was paying through her DMP) but was told she would need to work directly with Mr Lender rather than through her DMP. The only offer she could take advantage of through her DMP was the one off settlement payment which while having a higher discount was for a larger amount.

Mrs B says the offers were discriminatory as she wasn't able to make separate payments to a single creditor under her DMP terms and so she wasn't able to take advantage of the offers Mr Lender had made.

Mr Lender said that Mrs B was in a DMP which as an informal arrangement meant there were no rules to stop her settling one of the debts in the DMP early. It said it acted reasonably by providing Mrs B with the offers available and had worked with her debt management agent. Mr Lender said it had confirmed to Mrs B that she could benefit from the 50% reduction to her debt by making a one off payment through her DMP, but Mrs B didn't accept this.

Our adjudicator upheld Mrs B's complaint. He said that Mr Lender was aware that Mrs B was in a DMP and that the offers made weren't clear that payments would need to be made outside of her DMP in order to receive the discounts. He also said that there wasn't evidence to show that Mr Lender carried out affordability checks to see if Mrs B could afford to make higher repayments while maintaining the other payments through her DMP. He didn't think Mr Lender acted fairly and recommended that Mr Lender pay Mrs B £70 compensation for the trouble and upset caused.

Mr Lender didn't agree with our adjudicator's view. It said that Mrs B stopped making her contractual payments in February 2020 before entering a DMP. It said an offer was sent after 14 months had passed and it was reasonable to make Mrs B aware of all of her options as her circumstances could have changed since the DMP was put in place.

Mr Lender said that Mrs B raised her complaint in April 2021 then decided to take advantage of the offer to settle her account with a 50% discount one month later. It said that the offer was clear, and Mrs B wouldn't have chosen to act on this had it not been clear. It said Mrs B decided to settle directly with it rather than through her DMP after it had explained that she could make payment through her debt management agent.

Mrs B said that she had to spend all of her savings to obtain the discount and that had the offers been honoured she would have saved more. Mrs B said that Mr Lender was encouraging people to leave their DMPs.

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.

Mrs B was making payments towards her outstanding debt with Mr Lender through a DMP and Mr Lender was aware of this. Based on the information provided it appears that Mr Lender accepted the payments put forward by Mrs B's debt management agent and so was working with Mrs B regarding her outstanding balance.

Mr Lender has explained that Mrs B stopped making her contractual payments in February 2020 and that 14 months later it sent her details of the options available for settling her account sooner. I note the comments made by our adjudicator about additional affordability checks but in this case I do not find it unreasonable that Mr Lender informed Mrs B of the options available to her to reduce the overall amount she would need to repay.

I have looked at the offers that were sent to Mrs B and the email exchanges that took place between Mrs B and Mr Lender. The offer acknowledges that Mrs B is making payments through a DMP and the time it would take to clear her debt through this process. It then provides reduced payment offers. It is not immediately clear on the offer sheet that the options aren't available through DMP payments although the email at that time confirming Mrs B's DMP payment refers to setting up a repayment plan or receiving reduced settlement offers.

Through the email exchange Mr Lender said that Mrs B could make the one off payment through her DMP. However, the options of spreading over two, three or six months were only available if Mrs B was working directly with Mr Lender. I can see why Mrs B felt this wasn't fair and felt her DMP repayments should be reduced to reflect the discounts available. The Consumer Credit Sourcebook (CONC) sets out a number of principles including treating customers fairly. In this case, Mr Lender provided offers to Mrs B which she wished to take up however due to the way in which she was making her payments (through a DMP) the full range of offers was then not available to her. I understand that Mr Lender said the full payment could be made through the DMP but in this case I think it would have been fair to allow Mrs B to take up which ever offer suited her best and make her payments through the already established DMP.

Because of this, on balance, I think Mr Lender didn't treat Mrs B fairly in this case. However, I note that Mrs B did take advantage of the offer to make a full repayment of the reduced settlement amount and she didn't take the option of doing this through her DMP. Therefore, I accept that Mrs B was able to benefit from one of the offers. However, she has explained that taking this option meant she had to use her limited funds available and I think on balance she was likely to have taken one of the other options had these been available through her DMP. Based on this I think it reasonable that Mr Lender pays Mrs B some compensation to reflect the inconvenience she has been caused. Factoring into my assessment of compensation the fact that Mrs B was able to pay the reduced settlement offer, I think the £70 recommended by our adjudicator is reasonable.

Putting things right

PDL Finance Limited trading as Mr Lender should pay Mrs B £70 compensation for the trouble and upset she has been caused.

My final decision

My final decision is that I uphold this complaint. PDL Finance Limited trading as Mr Lender

should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 28 September 2021.

Jane Archer
Ombudsman