

The complaint

Mr H complained that Indigo Michael Limited, trading as SafetyNet Credit (SNC), lent to him irresponsibly.

Mr H later complained that a payment removed from his account in September 2018 was done without his permission and he says was an unauthorised payment to SNC. It left him in a dire financial predicament. He feels he ought to receive compensation for that incident.

What happened

Mr H applied for a credit facility with SNC around June 2016 and it was approved later in the year around October 2016. He used the facility up until March 2017 and after May 2017 no further interest was added to the account. Account notes show that forbearance was given to Mr H for many months after that.

When Mr H complained in July 2020 his complaint was upheld and SNC's final response letter dated 5 August 2020 was a full uphold. It will mean that Mr H will be left with a relatively small outstanding principal sum to repay. This part of the complaint seems to be satisfactory to both parties and essentially appears to be resolved.

The additional part of the complaint relates the time well before Mr H made a complaint to SNC, and is about the outstanding balance which remained static and on his account for many months until September 2018.

Mr H says that SNC took around £544 from his account without permission, left him financially in a terrible situation and showed no sympathy when he called about it. It seems that Mr H approached his bank to set in motion a formal 'chargeback' process and that led to monies being credited back to him in November 2018. The consequence was that the SNC account was back to being in debit again.

There followed what appears to have been a series of months with contact by SNC and its agent about the arrears. In July 2020 Mr H started the complaint. SNC responded in the way I described above with its FRL on 5 August 2020. One of our adjudicators' first view was to endorse the full uphold on the irresponsible lending part of Mr H's complaint.

Mr H was not content as he wished for the other part of his complaint (relating to the chargeback) to be assessed and reviewed.

One of our adjudicators obtained a lot of information and explanations from both parties to help him reach a view. He thought that SNC

- ought to have realised that Mr H was still in financial difficulties in September 2018 and therefore ought not taken the payment; and
- it was likely that Mr H did telephone SNC to explain and ask for the refund of that money just after it had been debited from his account; and
- by taking the £544 out of Mr H's account in September 2018 SNC did not act fairly;

- he thought that a distress and inconvenience payment of £200 ought to be paid by SNC to Mr H.

Mr H agreed to this. SNC did not agree and it said:

- SNC usually charges interest up to 40 days for all customers and it was no different for Mr H. After May 2017 no additional interest was added. The non-addition of interest was in line with its terms and conditions. SNC says *'This is not reasonable grounds to assume [Mr H] was experiencing financial difficulties.'*
- it had applied the 'forbearance' flag to Mr H's SNC account and that had been in place from 9th April 2017 until 16th August 2018
- it has sent us account notes to show the chronology of events including correspondence with Mr H in 2017 and 2018; and
- on 4th September 2018 an email was sent to Mr H's personal email address informing Mr H SNC was going to attempt a repayment on 7 September 2018 and so Mr H had three days warning. This was in line with its terms and conditions.
- it has no record of Mr H's alleged call to SNC after the payment was taken.

I issued a provisional decision on 17 August 2021 and that is set out here.

My provisional decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Irresponsible lending

In relation to the irresponsible lending part of Mr H's complaint, there is nothing for me to say on that part as it appears to have been resolved. I do recommend that the redress calculations are re-done so that the accurate outstanding balance can be presented to Mr H. I say this because the FRL conceding on the irresponsible lending part of the complaint was a year ago, so the figures in that FRL are out of date.

As this was offered before Mr H brought his complaint to this Service then I will classify that as a 'non-uphold' for the purposes of this provisional decision, but I would expect SNC to honour that outcome it made in its FRL in August 2020.

September 2018 debit

On the part of the complaint relating to the £544 in September 2018, I take a different view to that of our adjudicator. I do not think that SNC acted outside its terms and conditions.

SNC was reviewing the account after 16 months of it remaining static, and almost two years after the credit facility was approved for Mr H. SNC's account notes show correspondence to suggest that it was planning to drop the forbearance flag on the account and had emailed Mr H about this on 8 June 2018. The account note says –

'Bulk Email Sent- DMP Forbearance ending. Customer has one month to contact us before flag is removed.'

More than two months later, on 16 August 2018 SNC's notes indicate:

'DMP Forbearance flag dropped- customer had over 30 days to get in touch with DMP details and has not been in contact. Flag dropped and emails sent'

On 4 September 2018 SNC sent another email to Mr H to say that it would attempt to take payment in three days' time. I've been given the wording of that email and it seems reasonable and gave Mr H time to contact SNC in advance if he needed to.

After the payment was removed from Mr H's bank account on 7 September 2018, SNC says

'[Mr H] never contacted us when the repayment was taken, if he had done we would of [sic] refunded the payment to him instantly. The only reason it was refunded two months later was because [Mr H] charged back with his bank.'

Mr H has explained things differently. He says he called SNC twice on 7 September 2018 but was told that SNC could not refund the money as it was the amount he owed to it. Mr H's view was that the person he spoke to was rude and had no compassion.

It may be puzzling as to why the telephone calls Mr H says he made on 7 September 2018 are not recorded in SNC's account notes, as an earlier call from 2017 was noted and many other details with the SNC account were recorded over the years. So, there is some doubt here, and without call recordings or additional evidence from the parties then I cannot make a finding as to whether those calls were made or not.

So, I have used the other details I have from the SNC account notes to build a picture of how this matter was dealt with at the time.

SNC's account note for 22 October 2018 shows

'Chargeback activity with ref: 0036SPGD, relating to repayment of £544.40 taken on 07/09/2018. Chargeback flag set to block deposits, contested and awaiting response from bank.'

SNC's account note for 1 November 2018 shows *'Chargeback lost, refund of £544.40 actioned to increase balance to the correct amount'*

After that, Mr H's SNC account was in debit again and considered to be in arrears and so more communications from SNC and its third party collections agent appear to have been sent to him. It appears that Mr H has not repaid the debt to SNC which he took originally in October 2016 - almost five years ago.

This was an unfortunate series of events in or around autumn 2018 but ultimately I don't think that SNC did anything wrong. It appears that SNC afforded Mr H many months to deal with debt situation he was in, and the SNC account notes refer to him having assistance from a charity to assist with debt issues. He was given space and a forbearance flag was attached to the account. Mr H was written to in June 2018 to say that the account was being reviewed and so I think it's likely Mr H knew that the debt was still due to be repaid. I think that Mr H had fair warning leading up to, and on, 4 September 2018. The payment was taken on 7 September 2018.

I have made no findings on whether a telephone call was made by Mr H to SNC on 7 September 2018 or whether, if it was made, the SNC representative was unhelpful or incorrect in what he or she said as I have no evidence of that. There is doubt about this part and I cannot resolve it on current evidence.

The account notes seem to accurately record what both parties have explained surrounding the chargeback claim made by Mr H to his bank. And so, I have no reason to doubt the veracity of the notes I have read. And that indicates to me that SNC acted correctly. So, on this part of Mr H's complaint my provisional decision is that I do not uphold it and I do not make any award to compensate him.

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.

I have had no response from either party. And so, I see no reason to depart from my provisional decision.

For clarity I repeat here what I said in relation to the irresponsible lending part of the complaint. On that part as it appears to have been resolved.

I do recommend that the redress calculations are re-done so that the accurate outstanding balance can be presented to Mr H. I say this because the FRL conceding on the irresponsible lending part of the complaint was a year ago, so the figures in that FRL are out of date.

As this was offered before Mr H brought his complaint to this Service then I will classify that as a 'non-uphold' for the purposes of this provisional decision, but I would expect SNC to honour that outcome it made in its FRL in August 2020.

So, for the same reasons as explained in my provisional decision, which has been duplicated here and forms part of this final decision, I do not uphold Mr H's complaint.

My final decision

My final decision is that I do not uphold Mr H's complaint.

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

Rachael Williams
Ombudsman