

The complaint

Mr and Mrs B complain about incorrect information and poor service from Allied International Credit (UK) Ltd (Allied) in relation to a loan account it administers for another business.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. In my provisional decision I said:

Mr and Mrs B took out a loan with another business for around £15,000. In 2011 the lender appointed Allied, a firm of debt collectors, to manage the account. NatWest wrote to confirm the new arrangements.

Mr and Mrs B made regular payments of £100 towards the debt but last year contacted Allied as the balance didn't seem to be reducing as expected. Mr and Mrs B complained and asked for clarification of the outstanding balance and evidence to show Allied was authorised to act on the original lender's behalf.

Allied looked at the debt and found it had been applying payments Mr and Mrs B had been making to the joint loan debt to another account it held in one of their names. Allied apologised and arranged for the payments Mr and Mrs B had made to be applied to their joint loan account. Allied said the original debt was around £24,000 and had reduced to around £12,000 following payments made by Mr and Mrs B.

Mr and Mrs B referred their complaint to this service and it was passed to an investigator. Mr and Mrs B also contacted the original lender and received information concerning the original loan balance. The investigator upheld Mr and Mrs B's complaint and asked Allied to pay them £75 for the trouble and upset caused by the way it had allocated payments.

Allied accepted the investigator's view but Mr and Mrs B asked to appeal and said the business had failed to provide information they'd asked for in a reasonable timeframe. As Mr and Mrs B have asked to appeal, their complaint has been passed to me to make a decision.

What I've provisionally 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 can see Mr and Mrs B asked for clarification of the payments made to their joint loan debt last year. Mr and Mrs B said they thought the original outstanding debt was much lower than Allied claimed and asked why the debt hadn't reduced as expected. Allied accepts it had been receiving regular monthly payments from Mr and Mrs B over the years but had applied them to a separate debt held in one of their sole names. I agree there was an error by Allied in the way it administered Mr and Mrs B's payments.

In response to Mr and Mrs B's contact, Allied reallocated the incorrectly applied payments which means the debt balance is now in the correct position. Mr and Mrs B say they've also obtained confirmation concerning the original balance from the lender. I've looked at the payments Allied has applied to the joint loan debt and I'm satisfied its mistake has been corrected and the outstanding balance is now right. Whilst there was a mistake, it hasn't led to a financial loss for Mr and Mrs B.

Mr and Mrs B said they wanted to appeal because Allied has failed to answer all their questions or provide all the information they wanted. I appreciate Mr and Mrs B feel Allied should've provided a more comprehensive response after their queries were made. Allied was subsequently able to forward a copy of the original lender's instruction from 2011 which the investigator has forwarded to Mr and Mrs B.

Whilst I understand Mr and Mrs B want further evidence that Allied is authorised to collect payments on the original lender's behalf, I'm satisfied the information provided does that. Mr and Mrs B have also been in touch with the original lender directly. Had the original lender not given authority for Allied to act on its behalf, I think it would've told Mr and Mrs B that. And the 2011 letter confirms Allied's role in acting as debt collectors for the lender.

I've looked at the account reconstruction provided by Allied and I'm satisfied it shows how the payments Mr and Mrs B have made over time have reduced the outstanding balance. I haven't seen anything that indicates the balance Allied says Mr and Mrs B owe is wrong.

There were also issues with letters not being sent to Mr and Mrs B's current address. Allied says Mr and Mrs B failed to update their address when they moved which meant some correspondence wasn't sent to the right place. But when Allied updated Mr and Mrs B's address it made an error so the final response was sent to a neighbouring property. Allied subsequently corrected the address it holds.

I agree that there have been service issues in this case. I think Allied could've asked the original lender for evidence it was authorised to act sooner. And I agree there were issues updating Mr and Mrs B's address. It's also clear Allied wasn't applying Mr and Mrs B's payments to the correct debt for an extended period. I can see the situation has caused Mr and Mrs B a reasonable level of trouble and upset and that they don't agree £75 covers that.

I agree with Mr and Mrs B that £75 doesn't reflect the full circumstances of their concerns but I haven't been persuaded to increase the award to the £500 figure they've requested. In my view, a figure of £200 more fairly reflects the impact of the issues caused on Mr and Mrs B. So I intend to uphold their complaint and tell Allied to pay them a total of £200 in reflection of the trouble and upset caused in this case.

I invited both parties to respond with any comments or information they wanted me to consider before I made my final decision.

Allied responded and confirmed it accepted the provisional decision. Mr and Ms B responded and said they thought the settlement should be increased. Mr and Mrs B said the incorrectly addressed mail contained very personal information and are concerned it was read by someone else. To resolve the complaint, Mr and Mrs B have told us they would like compensation to be increased to take into account the stress and worry caused by Allied's actions and time taken to deal with their complaint. Mr and Mrs B also want us to acknowledge that Allies is unfit to securely handled personal information.

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'd like to thank both parties for responding. Mr and Mrs B have responded in detail and I've summarised their comments above. I'd like to assure them I've read and considered everything they've said. I'm going to focus on what I feel are the key issues in my response.

I can see how stressful the situation was and I've acknowledged, in my provisional decision, that Allied made mistakes with the way it allocated payments to their debt. I also explained that I'd considered the fact Allied sent correspondence to the wrong address. I don't doubt what Mr and Mrs B have told me about how the situation impacted them. I've taken their comments on board when considering how to resolve this complaint.

Allied took action to reallocate payments and correct its error. There's been no financial loss caused as a result of Allied's mistake in allocating payments. In addition, Allied provided information from the original lender to show it was authorised to collect the debt in question.

I can't comment on how Allied handles private information generally. Our service can only look at the individual circumstances of a complaint. In my provisional decision I've agreed Allied made a mistake that led to private correspondence being sent to the wrong address. I factored the error in when considering the fairest way to resolve Mr and Mrs B's complaint.

I'm very sorry to disappoint Mr and Mrs B but I still think £200 fairly reflects the impact of the issues raised on them. I understand they remain upset, but I'm satisfied that £200 is fair in all the circumstances. As a result, I'm not going to increase the award further.

My final decision

My decision is that I uphold this complaint and direct Allied International Credit (UK) Ltd to pay Mr and Mrs B a total of £200, less any compensation already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 13 October 2021.

Marco Manente
Ombudsman