

The complaint

Mr and Mrs S complain Hoist Finance UK Limited has said they owe money for a debt after telling them all debts had been repaid.

What happened

Mr and Mrs S were in a debt management plan with a company I'll call P for 14 years. Hoist was one of the creditors. Three accounts with Hoist were closed in February 2020, and in January 2021 they were able to clear the remaining debts with all their creditors, including Hoist.

At this point, Mr and Mrs S were told all debts with Hoist had been repaid. So, they were shocked when P told them Hoist had admitted making an error – and actually they still owed it money. Mr and Mrs S have said they've written to Hoist on multiple occasions with no reply, but it keeps ringing them – when they want a reply in writing, so they've got a paper trail of what's happened. As a result of this, they complained.

Hoist replied to Mr and Mrs S's complaint and said it didn't uphold their complaint. It said the accounts hadn't ever been settled, and suggested Mr and Mrs S speak to P about what's happened. It said it'd still accept a lower amount to settle the debts. Hoist also said if Mr and Mrs S believe the accounts were settled, it suggested they speak with P or send it proof of the settlement.

Unhappy with that, Mr and Mrs S asked us to look into things. They said Hoist were lying as P had told them the account were cleared. They said when they inherited some money, they paid off all outstanding debts with Hoist, but not these ones, because they'd already been closed. Mr and Mrs S provided emails from P – where P said Hoist had admitted making a mistake to them. They said Hoist should write off the debt.

One of our Investigators considered all the evidence, and overall felt Hoist had made an error, but didn't think it fair to expect it to write off the debt. Instead, he felt £150 compensation was fair. Mr and Mrs S didn't agree with this – they said they'd have preferred at least 50% of the debt written off. Hoist also didn't agree with this – it said it'd made a small mistake, but P was more at fault for what'd happened. It said it felt an apology was enough.

As our Investigator remained of the opinion compensation of £150 was fair, the complaint's been passed to me to decide.

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 need to make it clear I'm only considering the actions of Hoist in this complaint. I can't make any findings against P.

From the information on file it seems Hoist removed three of Mr and Mrs S's accounts in February 2020. Because of that, these accounts weren't included in the settlement Mr and Mrs P made in January 2021 through P – so the accounts weren't paid off.

I've seen an email from Hoist to P on 9 March 2021 saying *"The spreadsheet error was our fault, it was due to a manual update error. Again I apologise for the inconvenience caused. However the offers were accepted on the spreadsheet. We would not accept offers with a zero balance and should have been queried in February 2020"*.

So, Hoist has accepted its made a mistake. Based on all the information I have, it seems likely to me had this mistake not happened, these accounts would have been included in the January 2021 settlement. So, while it's possible P may have contributed to some of Mr and Mrs S's frustration as Hoist has suggested, I can only look at the impact of Hoist's actions.

Hoist has clearly accepted it made a mistake, and I think that's had an impact on Mr and Mrs S. In addition, Hoist hasn't acknowledged this error when Mr and Mrs S raised their complaint. I think by not giving them clear information, Hoist have exacerbated a situation it created in the first place.

I've noted Mr and Mrs S's original request for the debt to be written off, as they believed it'd been settled in February 2020 – and when replying to our Investigators outcome some months later that they'd at least expect 50% off given the errors. But our service operates on a fair and reasonable remit. Mr and Mrs S don't dispute they took out the original lending that led to this debt, so it then isn't unfair for them to be expected to have to repay it. And I can't require Hoist to make incorrect information true – Hoist said the debt had been settled when it contacted P in February 2020, but this was said in error. At the time as I understand it, no offers had been made by Mr and Mrs S, either directly or through P, to settle these accounts. So, it perhaps wouldn't have been unreasonable for Mr and Mrs S to have queried why they were told these accounts were settled when no offers had been made by them to do so.

Overall, I don't think it'd be fair for me to require Hoist to write off or reduce the debt. Instead, I need to think about the impact of the incorrect information on Mr and Mrs S. As our Investigator pointed out, and I've mentioned above, Hoist knew it'd made an error in March 2021. But, in its response to Mr and Mrs S two months later, didn't say anything about this. I do think Hoist's error was the catalyst for this situation – where Mr and Mrs S found out over a year later, they owed more money than they thought. But I think that's mitigated because they could have asked why Hoist were writing off debts totalling over £3,000 and didn't.

Taking everything into account, I think the £150 our Investigator recommended is a fair and reasonable amount to resolve this complaint.

My final decision

For the reasons I've explained above, I uphold this complaint and require Hoist Finance UK Limited to pay Mr and Mrs S £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 7 February 2022.

Jon Pearce
Ombudsman