

## **The complaint**

Ms B complains Leeds City Credit Union Limited wouldn't grant her a loan because she's unable to set up a direct debit or standing order to make the loan repayments.

## **What happened**

Ms B tried a number of times to apply for a loan with Leeds Credit Union. These applications were declined because Ms B isn't able to set up a direct debit or standing order to make the loan repayments.

Ms B explained to Leeds Credit Union why she wasn't able to make the repayments in the way it required – she has mental health conditions that mean this isn't possible. She said Leeds Credit Union was discriminating against her and she pointed out that she'd had previous loans with it that she'd repaid by Faster Payments without any issues.

Leeds Credit Union said its policy is that members are required to have a fixed method of payment in place before any loan can be allocated.

Since Ms B referred her complaint to us, Leeds Credit Union has confirmed it could have allowed Ms B to have a loan she could repay using Faster Payments. It says it regrets its response to her request and has more recently granted Ms B two loans. It has agreed to offer Ms B £200 as compensation for the distress its actions caused.

Our investigator thought Leeds Credit Union's offer was fair and explained this to Ms B. Ms B disagreed as she didn't think £200 was enough to recognise the distress she'd been caused or the length of time it has taken to sort out.

## **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 understand why Leeds Credit Union has the policy it does with regards to wanting a fixed method of payment in place before agreeing to any loans. It is fair for it to want some assurance the payments will be made on time each month. It also goes some way to protect its members against the consequences of missing payments. But I do think it should have done more to consider whether it was fair to apply the policy, or whether there was anything else it could do, given Ms B's particular circumstances when she explained why she couldn't set up a direct debit or standing order.

I'm pleased Leeds Credit Union has now recognised it didn't handle this situation as well as it should have. And it has now allowed Ms B to have loans she can repay by Faster Payments. So the main issue I need to decide is whether the offer of £200 compensation for the distress Ms B was caused as a result of Leeds Credit Union's actions is fair and reasonable.

There's no doubt it would have been distressing for Ms B to be told she couldn't have a loan if she didn't set up a standing order or direct debit, particularly when she'd explained why she couldn't a number of times. From what I've seen, Leeds Credit Union's response when she complained wouldn't have made Ms B feel like she'd been listened to or that any consideration had been given about whether it was fair to apply its usual policy in her situation. I can see why Ms B might have thought Leeds Credit Union was discriminating against her. And when Ms B tried to escalate matters, she ended up with a response from the same person, which must have been frustrating.

It did take a long time to get to a point where Leeds Credit Union accepted it hadn't treated Ms B fairly. And I've no doubt this must have added to Ms B's upset about the situation. But I'm only considering the impact Leeds Credit Union's actions had on Ms B here. Most of the delays Ms B has experienced were caused by the Financial Ombudsman, rather than Leeds Credit Union. So it wouldn't be fair for me to tell it to pay compensation for the distress this caused.

Overall I think £200 is fair and reasonable compensation for the distress and inconvenience Leeds Credit Union caused Ms B.

### **My final decision**

Leeds City Credit Union Limited has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Leeds City Credit Union Limited should pay £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 8 March 2022.

Claire Allison  
**Ombudsman**