

## **The complaint**

Miss D has complained that Shoosmiths LLP sent her threatening letters when she was in a payment arrangement.

## **What happened**

This complaint surrounds a hire purchase agreement where Shoosmiths are dealing with the account on behalf of the creditor.

Because of an administrative mistake, Shoosmiths sent Miss D a default notice in February 2021, despite the fact that she was in a payment plan. Miss D queried this, and Shoosmiths apologised and reassured her it was sent by mistake.

The following month, Shoosmiths sent Miss D a pre-termination letter in error. Again, Miss D queried this and Shoosmiths apologised, reassured her they weren't going to repossess the goods as she was in a payment plan, and escalated things to management to make sure it didn't happen again. They gave internal feedback and offered Miss D £50 compensation.

Miss D didn't feel that was sufficient. She explained she was already in a very difficult situation and so this had caused her a lot of distress.

Our investigator looked into things independently and thought £150 compensation would better reflect the impact Shoosmiths' mistake had had for Miss D. But Miss D felt that £5,000 would be justified instead. 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.

First, I understand that Miss D was going through a truly tough time when this all happened, and I'm grateful for her taking the time to explain her side of things openly.

It's clear that Shoosmiths' mistake caused Miss D some real distress here, not least given the situation she was already in. So I can understand why she complained. And it's fair that they should pay her some compensation, to acknowledge their error and the impact it had.

I've also taken into account that when Miss D let Shoosmiths know what had gone wrong, they were quick to clarify the situation, reassure Miss D that she wasn't in trouble, and apologise. And on the second occasion, I can see they also escalated things to management, made sure it didn't happen again, provided feedback to staff, and offered some compensation on top of the apology. That all seems reasonable.

I agree with our investigator that the amount of compensation Shoosmiths initially offered wasn't quite enough to reflect the stress they'd caused for Miss D. And I do understand that Miss D feels a much higher amount would be justified. In terms of the amount of compensation, it's worth bearing in mind that we're here to resolve disputes informally, but not to punish businesses or issue large fines.

We have guidelines about what levels of compensation to award, and I need to be consistent with that. Taking into account the full circumstances of this case, including Shoosmiths acting relatively quickly both times to try to put things right, I agree with our investigator that £150 compensation is a fair total amount.

### **My final decision**

For the reasons I've explained, I uphold Miss D's complaint and direct Shoosmiths LLP to pay her £150 compensation in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 6 April 2022.

Adam Charles  
**Ombudsman**