

The complaint

Mrs M and Mr M complain that Quickly Finance Limited trading as Fast Track Reclaim (FTR) are asking for a success fee for a claim that they'd already paid.

What happened

In June 2019, Mrs M and Mr M signed letters of authority (LoA) instructing FTR to act for them in pursuing PPI claims with their lender I'll call "R". In April 2020 Mrs M and Mr M said "R" told them their claims were successful, and shortly after FTR asked for their success fee for the successful claim, which Mrs M and Mr M paid. But in September 2021, FTR sent them an invoice asking them to pay another success fee. Mrs M and Mr M complained to FTR.

FTR said that Mrs M and Mr M had two successful claims for mis-sold PPI with "R". They'd received the compensation for both in April 2020, but FTR had only been told by "R" about one of the claims being successful at that time. And they'd sent Mrs M and Mr M their invoice for their success fee which Mrs M and Mr M had paid. But in September 2021 they were made aware that the other claim had also been successful. So, they asked Mrs M and Mr M to pay their success fee for this claim as it was successful because of the work done by FTR.

Mrs M and Mr M weren't happy with the response from FTR and referred their complaint to us.

Our investigator said Mrs M and Mr M had authorised FTR to pursue their claims for PPI. And their terms and conditions were clear as to the fee that FTR would charge for successful claims. Mrs M and Mr M knew they'd received redress for both claims, and the invoice sent by FTR only referred to one of these claims. So, he said FTR was justified in asking for their success fee as both claims were successful.

Mrs M and Mr M didn't agree and asked for an ombudsman to decide.

I issued a provisional decision in February 2022 that said:

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.

Having done so I'm currently minded to uphold this complaint. I'll explain why. It's not in dispute that Mrs M and Mr M instructed FTR to act for them in pursuing a claim for mis-sold PPI. And that Mrs M and Mr M had successful PPI claims which they paid FTR the success fee they asked for when they'd received their redress in 2020. In reaching my decision I need to determine whether the success fee FTR is asking Mrs M and Mr M to pay in 2021 for another PPI claim is justified. And whether FTR has acted fairly and reasonably in their actions with Mrs M and Mr M.

*Mrs M and Mr M signed a LoA in June 2019, and I can see from FTR's records they sent a letter of complaint to "R" in August 2019. FTR's records show two reference numbers for these claims, *6171 and *6169.*

The agreement Mrs M and Mr M would have had with FTR was on a "No win No fee" basis. This means FTR charged a percentage success fee, not a fee based upon the amount of work they did. This meant any work done on any unsuccessful claims would be done for free. Where a claim was successful, FTR's fee maybe more or less than the value of the work they actually did. This is the risk taken by all parties in this type of agreement.

*In March 2020 "R" told FTR that they didn't hold a valid LoA for Mrs M and Mr M, the case reference on the letter is for *6171 only. But on 22 April 2020 I can see "R" told FTR that Mrs M and Mr M's other claim *6169 was successful. So I think it was clear that the issue with the LoA only related to claim *6171.*

*After being notified claim *6169 was successful, I can see on the same day FTR asked Mrs M and Mr M to sign new LoA's. In asking Mrs M and Mr M to sign the new LoA's FTR said:*

"The Lender has advised us that due to the details you have provided on the letter of authority being invalid, they are unable to acknowledge the complaint to us directly. In order for us to progress your claim and ensure that you get the best advice and the highest chance of success you need to return the letter of authority (enclosed) within the next 7 days."

*Mrs M and Mr M signed the LoA's on 27 April 2020 and returned them to FTR. From FTR's records they sent the new LoA's to "R" on 5 May 2020. The same day FTR sent their invoice to Mrs M and Mr M for the successful claim *6169. And this was paid by Mrs M and Mr M, 18 May 2020. So, I'm satisfied FTR was authorised to act for Mrs M and Mr M for claim *6169. And "R" recognised FTR as Mrs M and Mr M's representative as they told FTR when the claim was successful.*

*But Mrs M and Mr M received the redress for both claims *6169 and *6171 on 9 April 2020. As outlined above "R" had said they didn't have a valid LoA for claim *6171. So, while I'm satisfied "R" had accepted the LoA for claim *6169, and FTR were authorised to act for Mrs M and Mr M for this claim. I don't think "R" accepted FTR as Mrs M and Mr M's representative for claim *6171 as they didn't have a valid LoA.*

*I can see "R" paid Mrs M and Mr M the redress for claim *6171 in early April 2020. And this was before FTR had asked Mrs M and Mr M to sign another LoA that would have authorised FTR to act on their behalf, and before FTR sent the new LoA to "R" in May 2020.*

*I think this explains why "R" didn't notify FTR when Mrs M and Mr M's claim *6171 was successful as they didn't accept FTR had authority to act for Mrs M and Mr M.*

*So, at the time the redress was paid by "R" to Mrs M and Mr M in early April 2020, FTR didn't have a valid authorisation accepted by "R" for them to represent them. As I don't think FTR was authorised to act for Mrs M and Mr M for claim *6171 before the claim was successful, I don't think their fee is justified.*

Response to my provisional decision

Mrs M and Mr M didn't ask for any other comments or information to be considered.

FTR didn't agree with the provisional decision and said that their fee was justified. In summary FTR said :

- In August 2019 “R” said they’d found two PPI policies. They submitted letters of complaint to “R” on Mrs M and Mr M’s behalf later the same month with the references *6169 and *6171;
- case specific LoA’s weren’t submitted or requested by “R”. And “R” had investigated based on the authority provided by the LoA’s signed by Mrs M and Mr M on the 4th June 2019;
- the letter sent in April 2020 that said the LoA was invalid shouldn’t have been sent to Mrs M and Mr M. But should have been challenged by FTR with “R”;
- Mrs M and Mr M had signed further LoA’s in April 2020 that showed they were happy for FTR to act for them; and
- the redress made to Mrs M and Mr M was as a result of the submission of the LoA’s to their lender “R”.

My final findings

I’ve considered the comments that have been made. But I’ve not been persuaded to change my thinking. I’ll explain why.

As I said in my provisional decision, “R” did consider FTR as Mrs M and Mr M’s representative for one of their PPI claims, as they told FTR when the claim was successful. And on FTR asking for their fee Mrs M and Mr M paid it.

But I don’t think “R” saw FTR as Mrs M and Mr M’s representative for the other claim. It’s not in dispute that a letter was sent in April 2020 to Mrs M and Mr M saying the LoA was invalid for case reference *6171. FTR said they should have challenged this with “R” but they didn’t. And as “R” didn’t consider FTR to be representing Mrs M and Mr M they didn’t tell FTR when the claim *6171 was successful.

While Mrs M and Mr M did sign another LoA for FTR in April 2020 this was after the redress had already been paid to them by “R” for both the mis-sold PPI claims including *6171. So, I don’t think FTR was authorised to act for Mrs M and Mr M for claim *6171 before the claim was successful. And I don’t think its fair or reasonable for Mrs M and Mr M to be asked to pay this fee many months later as I don’t think the fee is justified.

My final decision

I uphold this complaint. And ask Quickly Finance Limited trading as Fast Track Reclaim to waive their fee for claim *6171.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 2 April 2022.

Anne Scarr
Ombudsman