

The complaint

Mrs L and Mr L complain about an invoice received from We Fight Any Claim Limited ("WFAC") for work they've carried out on a complaint for mis-sold Payment Protection Insurance ("PPI").

What happened

Mrs L and Mr L instructed WFAC to handle a PPI complaint against Lender C. The complaint was upheld and Mr L was awarded compensation of £3,347.24. WFAC then issued an invoice for £2,811.68 followed by a revised invoice for £1,606.67. The matter was then passed to a debt collector who wrote to Mrs L and Mr L claiming £2,901.68. Mrs L and Mr L say the invoice exceeded the compensation awarded so they complained.

WFAC responded and explained the total compensation awarded by Lender C was £6,694.48 so their fees, which were 35% plus VAT, were £2,811.68. They explained they'd agreed to drop their fee to 24% including VAT to £1,606.67. WFAC explained this is the total fee owing but, as the account was held in joint names, if Mrs L and Mr L wished to pay half each it would be two separate payments of £803.33. WFAC said they'd made several attempts to contact Mrs L and Mr L but they weren't able to reach them so they passed the matter to a debt collector. WFAC explained they don't uphold the complaint and asked Mrs L and Mr L to contact the debt collector to arrange payment.

Our investigator looked into things for Mrs L and Mr L. During the investigation, our investigator found that WFAC hadn't provided Lender C with a new Letter of Authority ("LoA") in respect of Mrs L's part of the complaint so only Mr L was awarded £3,347.24. Our investigator recommended WFAC charge 24% including VAT of this amount and also pay compensation of £200. WFAC agreed but Mrs L and Mr L disagreed so the matter has come to me for a decision.

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've decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Firstly, I've looked at the service given to Mrs L and Mr L. The key facts about the complaint aren't in dispute. It appears WFAC, on receiving notification from Lender C to say they'd upheld Mr L's complaint, assumed the same compensation would be awarded to Mrs L. The information I've seen suggests they believed this because the letter from Lender C confirms this was a joint account and the £3,347.24 represents Mr L's share of the redress only.

WFAC therefore believed the same amount was paid to Mrs L, and their invoice of £1,606.67 reflects the total compensation they believed was paid to Mrs L and Mr L. I can see Lender

C have confirmed they haven't paid any compensation for Mrs L's part of the complaint as they didn't receive an updated LoA. So, I can't see there's any dispute here that the redress paid by Lender C is £3,347.24 – and only to Mr L. WFAC have admitted they got things wrong when they issued an invoice which incorrectly factored in redress which hadn't been paid to Mrs L. The only issue I have to decide is whether WFAC's offer to put things right is fair and reasonable.

I think it's right that WFAC should only charge 24% including VAT of the compensation which has been awarded – that means the invoice should be £803.34. I note Mrs L and Mr L question what work WFAC have done to justify their fee and they're understandably concerned that WFAC have only completed half the work in relation to this complaint as Mrs L's complaint hasn't been considered. WFAC charged a percentage success fee, not a fee based upon the amount of work they actually undertook. This means that any work done on any unsuccessful claims would be done for free. Where a claim was successful, WFAC's fee may be 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. Just because WFAC's fee might be higher than the value of the work they've done for Mr L, it doesn't make their fee unjustified. In addition to this, I've seen that WFAC submitted the complaint and this has led to a successful outcome for Mr L's part of the complaint. So, I don't think it's unreasonable for them to ask for their full fee in respect of Mr L's part of the complaint. I acknowledge Mrs L's part of the complaint hasn't been considered by Lender C – and this appears to be due to an error by WFAC. So, while I understand why Mrs L and Mr L say only half the work has been completed – it's for that reason that WFAC should limit their fees to reflect the redress which has been awarded.

I think WFAC should also compensate Mrs L and Mr L for the upset and worry caused by their poor service. There's a number of factors here that I've taken into consideration when deciding what I think is a fair and reasonable level of compensation. I'll start by saying that I can understand why Mrs L and Mr L were confused by the invoices and became increasingly frustrated. There's an invoice for £2,811.68 followed by a revised invoice for £1,606.67 and then back to £2,811.68 over a year later. I can see WFAC did leave a message for Mrs L and Mr L to let them know they can ignore the first invoice and the second invoice will reflect the agreed 24% charge. But, while WFAC were, I believe, trying not to worry Mrs L and Mr L by leaving the message, the fact is that even the second invoice wasn't correct. So, I can understand Mrs L and Mr L's concern around demands being made for an amount which was inaccurate. That said, while I've factored in the impact of this in my assessment of compensation, I can't see Mrs L and Mr L paid this amount – so I can't say they've lost the opportunity of being able to use the additional sums which might otherwise have been paid.

The matter was referred to a debt collector, and I can see this, understandably, upset and worried Mrs L and Mr L. I can see letters were sent by the debt collector asking for payment and also explaining that failure to make payment could result in legal action. So, I've also taken this into consideration and factored this into my assessment of compensation. Again, I would add, while I'm certainly not underestimating the impact of this on Mrs L and Mr L, I do need to take into account that no legal action took place. Taking this all into account, I think compensation of £200 is fair and reasonable in the circumstances and reflects the upset and worry caused to Mrs L and Mr L.

I do acknowledge there is a part of the PPI complaint which hasn't been considered by Lender C and I can see our investigator has set up a separate complaint for our service to look into Mrs L's PPI complaint against Lender C. I understand Mrs L and Mr L are concerned about having potentially lost out on a similar amount of redress for Mrs L, but the outcome of the complaint against Lender C will determine whether there are any additional complaints to consider against WFAC.

Putting things right

I've taken the view that WFAC have made an error in issuing an invoice for an incorrect amount and this has caused Mrs L and Mr L worry and upset. So, WFAC should only charge a fee of £803.34. WFAC should also pay compensation of £200 which they can deduct from the outstanding fees – bringing the fee owed to £603.34.

My final decision

My final decision is that I uphold the complaint. We Fight Any Claim Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 15 July 2022.

Paviter Dhaddy
Ombudsman