

The complaint

Ms M complains that OneSavings Bank Plc trading as Kent Reliance failed to set up a payment holiday. It then called and sent letters about her arrears. Ms M asks for compensation of £1,500 for the anxiety and upset this caused.

What happened

Ms M took out a mortgage in 2007 which has since been transferred to Kent Reliance. She sent an email in December 2020 asking for a payment holiday. This wasn't put in place and she received letters and calls about the arrears.

Kent Reliance said it overlooked the email. Once it received Ms M's complaint it apologised and offered £200 for the upset caused. It stopped any further action and removed related charges. It sent a letter which confirmed the payment deferral would be in place for January to March 2021. This letter said monthly payments would increase after the payment deferral ended.

Ms M asked that we require Kent Reliance to pay interest on compensation it had offered in relation to previous complaints and which she says she accepted but didn't receive.

Ms M raised other points which we've explained we can't look into as they hadn't been brought to us within our time limits.

Our investigator said Kent Reliance responded fairly to Ms M's complaint and didn't need to do more.

Ms M didn't agree. She said Kent Reliance had instructed a field agent to contact her. She provided evidence in the form of a mobile phone number and said she'd seen the field agent leave her house when she was parking outside. She said she had accepted Kent Reliance's previous offers of compensation and it must have misplaced it. She said she accepted the £450 offered for this and previous complaints.

Ms M said she was selling the property. She'd like Kent Reliance to agree to settle the loan.

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.

While both Ms M and Kent Reliance use the term payment holiday, I'm going to use the term payment deferral. I think this better describes what happens. The lender agrees that the borrower doesn't have to make payments for an agreed period, but these payments do still need to be made. They are simply deferred for a period. There's no requirement for a lender to freeze or waive interest during a payment deferral.

I should also say that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Kent Reliance accepts that it made an error. It overlooked Ms M's email asking for a payment holiday. This resulted in Ms M being contacted about the arrears, which she found upsetting. So I need to decide if it did enough to put matters right.

Kent Reliance wrote to Ms M in early February 2021 about the missed payment. It asked her to make the payment or contact it to set up an arrangement. The letter said if it hadn't heard from Ms M within seven days it would consider taking recovery action.

It also sent a quarterly arrears statement in February 2021, but this wasn't an error, or related to the error with the payment deferral. This was intended to give Ms M up to date information about her account.

Kent Reliance wrote to Ms M on 18 March 2021 confirming the payment deferral. This said that interest would continue to accrue. This would mean she'd pay more interest overall. It said it would write to her about her options for repaying the unpaid amounts.

Ms M says she didn't receive this letter. It's unfortunate Ms M didn't receive the letter, but based on the available evidence I think Kent Reliance sent it to her. The payment deferral was backdated – which meant the letter was sent after the payment deferral was in place. But I haven't seen anything to suggest Ms M wouldn't have taken the payment deferral if she'd known interest would continue to accrue, or that she was misled about this. As I've said, there was no requirement for Kent Reliance to waive interest. I don't think it would be fair and reasonable to require it to do so here.

Ms M says she's worried that Kent Reliance will send a debt collector to her house. She says this happened in the past even though she'd been maintaining payments. I'm sorry that Ms M is anxious about this. I know Ms M believes a field agent instructed by Kent Reliance contacted her by phone and visited her house in early 2021. Unfortunately, she can't find the note he put through the door. Ms M sent a photo of a letter she received from a debt management services business asking her to get in contact. Unfortunately, the photo quality is poor and the date isn't visible. We asked for a better copy, but Ms M hasn't provided this.

Kent Reliance says it didn't instruct a field agent at that time. If it had instructed a field agent, I'd expect it to have a record of this and to have applied a fee. In fact, Kent Reliance's records for February 2021 say a field agent wasn't instructed as the account was to be reviewed. It's possible the person Ms M saw visiting her house was a third party not related to Kent Reliance. On balance, I don't think that Kent Reliance sent a debt collector or field agent to Ms M's house in early 2021.

Kent Reliance says it sent a letter to Ms M saying it intended to instruct a field agent. It says this was an error and offered £100 compensation for the upset this caused. I can understand that this letter added to Ms M's worry about a visit from a field agent, and it's right that Kent Reliance pays compensation. I think £100 is fair and reasonable in the circumstances.

Kent Reliance says its specialist support team is looking after Ms M's account, and has tried to contact her. If Ms M wants to discuss settling the account, or what support Kent Reliance can offer, I'd urge her to remain in contact with Kent Reliance.

Ms M says she accepted previous offers of compensation from Kent Reliance but hadn't received the payments. Kent Reliance said it didn't receive her acceptances. The available evidence suggests that in at least one instance Ms M told Kent Reliance she didn't accept the offer. I don't think it's fair and reasonable to require Kent Reliance to pay interest on this compensation. However, Kent Reliance said it was still open for Ms M to accept these offers. I leave it to Ms M to decide whether she wants to do so.

Putting things right

Kent Reliance made an error when it overlooked Ms M's email asking for a payment deferral. This resulted in Ms M being contacted about the arrears, which she found upsetting. When it became aware of the error, Kent Reliance put the payment deferral in place and put a hold on collection activity. It offered £200 compensation for the upset caused. In the circumstances, I think this is fair and reasonable.

As I said, I think £100 is fair and reasonable compensation for the upset caused by Kent Reliance sending a letter suggesting it would instruct a field agent.

My final decision

My decision is that OneSavings Bank Plc should pay £300 to Ms M, as it offered to do. It can deduct any amount already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 15 August 2022.

Ruth Stevenson
Ombudsman