

## **The complaint**

Mr G complains that J D Williams & Company Limited (“JDW”) charged excessive amount of interest and charges onto his running account credit agreement with them and it didn’t treat his financial difficulties fairly.

## **What happened**

In September 2013, Mr G took out a running account credit agreement with JDW. It had an initial credit limit of £150, which was increase seven times until December 2014 when the limit reached £1,500.

Mr G says he was in financial difficulty and it seems he began to miss payments on his JDW account from January 2014 onwards. The amount and frequency of his arrears began to increase as time went on.

In July 2021, Mr G complained to JDW. He said that the credit should never have been given to him and the amount of interest and fees it had applied to his account was unfair and disproportionate.

JDW didn’t uphold his complaint. It said that the interest and charges had been applied correctly and in line with the terms and conditions of the credit agreement. It said that Mr G was out of time to bring a complaint about the decision to provide him with the account and subsequent credit limits so it wouldn’t comment on those issues.

Our adjudicator agreed with JDW that Mr G was out of time, in line with our complaints handling rules, to complain about the credit he had been provided. However, he upheld Mr G’s complaint about how JDW had administered his account. He said he could only consider events from six years prior to when Mr G raised his complaint with JDW.

In doing so, he thought by February 2016, JDW ought to have stepped in to assist Mr G with his financial difficulty. He said that by this stage JDW was aware he was in difficulty and that a number of previous payment plans had failed. He said in the absence of any proactive action at the time, he considered it fair that JDW refund all interest and charges it applied from that date.

Mr G accepted that outcome, including the parts our adjudicator said we couldn’t investigate.

JDW didn’t agree. In summary, it said it had provided suitable assistance to Mr G when he was struggling financially. It said after the previous payment arrangements failed, it continued to try to reach out to Mr G to discuss further payment plans and notify him of missed payments.

The complaint has been passed to me for a final 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.

JDW says that in late 2015, Mr G got in touch to say that he'd fallen behind on his payments due to him having to pay unexpected priority bills. It says it then agreed a long term payment plan of £100 per month. Only one payment was made. JDW says that another payment plan for £80 was then agreed in early January 2016, but no payments were made. It says after this point it continued to send Mr G reminders about his missed payments and to try and set up new repayment plans, despite receiving only very sporadic payments. JDW considers that it has therefore done enough. I disagree.

It was clear by late 2015 that Mr G had been in financial difficulty for some time and for that reason I don't think it was necessarily reasonable for JDW to have just accepted at face value what Mr G had said about unexpected bills. I say this because he'd been in arrears on his account in eight of the last eleven billing cycles. The frequency and size of his arrears had been steadily building for the past twenty months, so I don't think his financial difficulty was due to something recent. In any event, I think JDW acted reasonably by trying, in the first instance to set up a repayment plan.

Mr G gave JDW some reasons for the payment plan failing and on that basis I don't think JDW were unreasonable in trying to set up a new plan with lower repayments. However, when that second plan also failed I think it should have done more. JDW continued to try and contact Mr G to arrange new plans and remind him of missed payments, but I think it ought to have been abundantly clear to JDW at this point that Mr G wasn't going to be able to repay. Instead, JDW continued to apply charges and interest onto the balance when it ought to have realised that the lending relationship had irrevocably broken down due to Mr G's financial difficulty and inability to pay.

By continuing to apply more interest and charges JDW didn't act in Mr G's best interests. It ought to have stepped in and done more than simply ask Mr G to contact it to arrange payment. This is because it had already tried this without success. In the absence of it having done anything at the time, I think it would therefore be fair and reasonable for JDW to have suspended interest and charges altogether, to prevent the balance from increasing further. To put things right, it should therefore refund all interest and charges it applied since February 2016. I think this is the point in time JDW ought to have done more to assist Mr G with his financial difficulty and taken more decisive action with the account.

### **My final decision**

For the reasons given above, I uphold this complaint and direct J D Williams & Company Limited to:

- Re-work the account to remove all interest, fees and charges applied from February 2016 onwards.
- If after re-working the account this results in a credit balance on the account, any overpayments should be refunded to Mr G. JDW should add 8% simple interest to any refund from the date of overpayment to the date of settlement. JDW should also remove any adverse information recorded on Mr G's credit file from February 2016 onwards; or
- If after re-working the account there is still a balance outstanding, JDW should agree an affordable repayment plan with Mr G for the remaining amount. JDW should amend any adverse information it has recorded on Mr G's credit file from February 2016 onwards to reflect what would have happened, had it taken the steps above.

If JDW has sold the debt to a third party, it should either buy back the debt or work with that third party to ensure the above direction is carried out.

If JDW considers tax should be deducted from the interest element of my award it should provide Mr G with a certificate showing how much tax it's taken off, so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 October 2022.

Tero Hiltunen  
**Ombudsman**