

The complaint

Miss C complains that Retail Money Market Ltd trading as RateSetter took two payments from her in a short period of time when she asked to change her payment date. She's also unhappy that four missed payments have been recorded on her account instead of three.

What happened

Miss C held a loan agreement with RateSetter. At the time of making a payment to the loan on 28 December 2020 Miss C asked to change her payment date to 15th of each month.

RateSetter moved the next payment date to 15 January 2021. When Miss C found out that her next payment was due only 2 weeks after her last payment, she asked RateSetter to change the payment date to 1st of each month.

RateSetter emailed Miss C and advised her that it couldn't move the instalment due on 15 January and that it would still need to be paid on this date.

Miss C says she didn't receive the email and was caused financial difficulties when the payment was taken. She complained to RateSetter, who said it would arrange for the next instalment to be moved to 1 March, and advised Miss C to request a direct debit indemnity claim from her bank so that the payment taken on 15 January could be returned. RateSetter advised Miss C that the missed instalment would reflect as arrears on her account and would need to be cleared, but that there would be no negative effect on Miss C's credit file.

A few months later, Miss C arranged a three-month payment holiday. She accepts that 3 months arrears are shown on her account in relation to this. But she's unhappy that RateSetter are reporting 4 months of arrears, despite saying that the January arrears wouldn't be reported.

Miss C wants RateSetter to record the correct arrears on her credit file, not to show the arrears for January and not to send her missed payment communications in relation to the January instalment.

Our investigator didn't think RateSetter had acted fairly. He said that whilst he didn't think it was wrong for RateSetter to have moved the payment date to 15 January 2021, he thought RateSetter could have done more to explain this to Miss C and discuss the options with her. The investigator said that if RateSetter had discussed the options with Miss C, he thought it was unlikely that she would have gone ahead with the change to her payment date. The investigator also said that when Miss C contacted RateSetter on 9 January 2021 and asked to change the payment date to 1st of each month, it could've moved the date because this was within RateSetter's 21 day policy. The investigator said he didn't think it was fair that Miss C had been penalised for the January missed payment and said RateSetter should pay compensation of £150 for the distress and inconvenience caused.

RateSetter didn't agree. It said it had tried to contact Miss C before the payment on 15 January fell due but received no response. RateSetter said Miss C had previously asked for payment date changes totalling 8 days, so the request in January 2021 took the date

changes over the 21 day policy. RateSetter said it only allowed customers to move the payment date by a maximum of 21 days over the whole loan agreement.

RateSetter said it had advised Miss C that it could set up a payment plan for the missed January instalment but hadn't been able to agree this with her. It said it a payment plan had been agreed then the arrears letters would've stopped. RateSetter said it hadn't reported the January missed payment on Miss C's credit file.

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.

RateSetter has said that it isn't reporting the missed instalment for January on Miss C's credit file and Miss C has confirmed this.

The essence of Miss C's complaint is that RateSetter have recorded four months of arrears on her account and have continued to chase her about a missed payment in January 2021. I'll focus on this.

I've looked at what happened leading up to the missed January payment. The change in payment date came about at Miss C's request. She asked for her payment date to be moved to 15th of each month. Whilst I don't think RateSetter has done anything wrong by moving the payment date to 15th, I think it should have done more to make Miss C aware that the next payment date would be 15th January 2021, which was only around two weeks after Miss C had made her last payment.

RateSetter has said that it tried to contact Miss C by sending an email about the January 15 instalment date. It asked Miss C to respond to the email. Miss C has said that she didn't receive the email. RateSetter has said that it was sent to the correct email address but that it could have gone into junk. I can't be certain whether Miss C received the email or not. But I think it's likely that she would have responded to the email had she received it.

In these circumstances, and having received no response from Miss C, I think RateSetter could have done more to try and make contact with Miss C, either by sending a further email or by telephoning or writing to her. If Miss C had been made aware that her next payment was due so soon after the last payment, I think she would have decided not to change the payment date.

I've also thought about whether RateSetter could have changed the payment date to 15 February rather than 15 January. It says it couldn't have done this because it would have taken the date changes over the 21 day policy. However, I can see from RateSetter's final response that it offered to arrange for the next instalment payment (after 15 January 2021) to be taken on 1 March 2021. This appears to exceed the 21 day policy, which suggests to me that the policy is discretionary in any event.

Looking at what happened, I don't think RateSetter communicated very clearly with Miss C about whether the payment date could be moved and when it would be moved to. If RateSetter had communicated more clearly, I don't think Miss C would have found herself in a position where a payment was missed. As it stands, Miss C has been caused (avoidable) distress and inconvenience as a result of what's happened here, and I think its fair to ask RateSetter to pay compensation for this service failing. The sum of £150 is fair and reasonable.

In relation to missed payments that are being reported internally on Miss C's account, I don't

think RateSetter has made an error here. The January payment was missed for the reasons explained above.

I think RateSetter has acted fairly and reasonably by not reporting the January missed payment on Miss C's credit file. If Miss C agrees a payment plan for the January missed payment with RateSetter, or uses the compensation payment I've awarded here to settle the arrears on her account relating to the January missed payment, there won't be any need for further missed payment communications to be sent about this payment.

Putting things right

To put things right, RateSetter must pay compensation of £150 to Miss C.

My final decision

My final decision is that I uphold the complaint. Retail Money Market Ltd trading as RateSetter must take the steps I've set out above.

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

Emma Davy
Ombudsman