

The complaint

Mr G complains that JPS Financial Ltd are asking him to pay fees for payment protection insurance (PPI) claims.

What happened

In June 2019 Mr G authorised JPS to act on his behalf in seeking redress for mis-sold PPI. The claims were made for loan, mortgage and credit card accounts Mr G had with a lender I'll refer to as "L". And Mr G had successful claims for some loans and his credit card. Mr G paid JPS their success fees for these claims.

But JPS are now asking him to complete letters of authorisation (LoA) and provide final response letters for other claims. He said he's spoken to "L" and provided all of the information he can to JPS. But JPS are now asking him to pay administration fees and have begun debt collection. Mr G said this has caused him extreme distress, sleepless nights and this is after he told JPS that he suffered from post-traumatic stress disorder (PTSD). Mr G complained to JPS.

JPS said they'd acted upon Mr G's instructions and that he'd further claims that they were due a fee for. As Mr G hadn't provided the lenders final response, they'd asked him to pay for the work they'd done to date.

Mr G wasn't happy with JPS' response and referred his complaint to us.

Our investigator said that JPS should waive any fee for mortgage account *2784 as this claim had been already resolved by the lender before JPS' involvement. But she could see that another account *6183 had been successful, so JPS could charge their fee for this.

JPS didn't agree and has asked for Mr G's complaint to be referred to an ombudsman.

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 upholding this complaint. I'll explain why.

It's not in dispute that in 2019 Mr G instructed JPS to pursue mis-sold PPI claims and packaged bank account claims. And that Mr G paid JPS their fees for his successful claims. What remains in dispute is that JPS is of the opinion that Mr G has had further successful claims that he hasn't paid them their fee for this.

I've considered Mr G's history of claims with JPS. And the outcome of claims he'd with "L".

The agreement Mr G had with JPS was on a "No win No fee" basis. This means JPS

charged a percentage success fee, not a fee based upon the amount of work they did. So, any work done on any unsuccessful claims would be done for free. Where a claim was successful, JPS' 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.

I can see Mr G had successful PPI claims for four loans with "L" and he received redress of £5102.57. He paid JPS their success fee of £1,391.09. Mr G had unsuccessful PPI claims for three loan accounts, and JPS didn't charge Mr G a fee for these. Mr G also had a successful PPI claim for his credit card, for which he received redress of £2,622.66 and he paid JPS their success fee of £704.68. JPS has shown Mr G had a successful packaged bank account claim, for which he received redress of £755.27 and he paid JPS their fee £201.86. This is as I would expect with the agreement Mr G and JPS had.

What remains in dispute is mortgage account *2784 and another loan account *6183.

*Loan account *6183*

I can see that "L" upheld this claim in February 2020, so it was successful. Our investigator as the claim was successful said that JPS could charge their fee. But despite a successful claim, "L" has shown that there wasn't any redress to calculate and so Mr G didn't receive any compensation for the mis-selling of the PPI. As JPS' fee is a percentage of the redress, Mr G doesn't owe JPS any monies.

*Mortgage Account *2784*

Its this account that JPS has said Mr G has failed to send the lender's final response to them, and for which they've looked to charge an administration fee. In December 2019 I can see "L" told JPS that they didn't hold a valid LoA from Mr G for this claim. JPS asked Mr G to send in further LoA's, and I can see signed LoA's dated February 2020 and May 2020.

In April 2021 after JPS asked him to provide a copy of the FRL, Mr G asked "L" to send the FRL to him. But "L" s account history shows copies of the FRL had already been sent to JPS, in March, July, November and December 2020.

I can also see that there'd already been a mis-sold PPI claim made against this account but by a different claims management company who weren't acting for Mr G. I can see this claim was defended by "L", so the claim was unsuccessful. The account history also shows "L" sent the FRL in August 2019 . And I think this is why "L" told JPS, in December 2019 that they didn't have a valid LoA for this claim. So, I'm satisfied the mis-selling of PPI claim for the mortgage account *2784 wasn't made by Mr G and wasn't a result of JPS' involvement. And as there was no likelihood of another claim being successful JPS can't charge a fee for this claim.

I've also considered whether JPS can charge Mr G for the work that they did for him. JPS' terms and conditions say:

"Where you have failed to advise us of important information associated with an account which you have instructed us upon, for example that a previous claim has been made but you failed to tell us of this, then we reserve our right to charge you a reasonable fee for work done on that case."

But it wasn't Mr G who made the mis-sold PPI claim for *2784 so I can't say he would have known that the claim had been made. And if he didn't know about the claim he wouldn't have been able to tell JPS about it.

The lender has also said they sent a FRL to JPS several times. I think this would have made JPS aware that the claim had no likelihood of success. JPS hasn't provided copies of these FRL's so I can't know if they received them or not, but I can't hold Mr G responsible for this. So, I don't think its fair or reasonable for JPS to charge a fee for the work they'd done.

This has been a very distressing time for Mr G, and I can see that he's tried to work with JPS to get the matter resolved. I can also see that Mr G paid all of JPS' success fees for the claims he'd received redress for without challenge. So, to then be told he now owed money for claims he hadn't received any redress for. And that his account was being handed over to debt collectors has caused him stress and sleepless nights when he was already experiencing problems. So, I agree JPS should pay Mr G £250 for the distress and inconvenience caused to him.

My final decision

I uphold this complaint. And ask JPS Financial Ltd to:

- close and waive any success, administration or late payment fees remaining or outstanding for Mr G for mortgage account *2784,
- close any outstanding claim for account ending *6183, although successful no redress was payable to resolve the claim and so there wouldn't be any success fee due; and
- pay Mr G £250 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 November 2022.

Anne Scarr
Ombudsman