

The complaint

Ms B's complained that Investor Compensation (UK) Ltd ("IC") invoiced her for recovering a refund of mis-sold payment protection insurance (PPI), when Ms B had pursued her claim without their assistance.

What happened

In summer 2019, Ms B contacted IC about recovering PPI she believed she'd paid in relation to credit card accounts. She completed forms detailing the claims she believed she may have. And she told IC that she'd previously submitted a claim for a refund to a financial institution I'll call L.

Ms B says she heard nothing from IC and was concerned about the upcoming PPI deadline of 29 August 2019. So she wrote to IC in August 2019 advising them she no longer wanted to use their services.

Despite this, Ms B says she received repeated messages telling her IC had submitted a claim on her behalf – but without explaining who to. Towards the end of August 2019, Ms B received a refund of £1,412.49 from L. She then received an invoice from IC for their fee.

Ms B complained to IC that no fee was due because the refund she'd received from L was the result of her own application – not their work. However, she offered to make a part payment of £150. IC didn't respond to her complaint. So Ms B brought it to our service.

Our investigator contacted IC, asking them to provide their business file and response to the issues Ms B had raised. IC didn't respond. So the investigator based his conclusions on the information Ms B provided.

He said Ms B had evidenced that she'd made a claim to L herself before contacting IC. And he was satisfied it was this claim which resulted in the payment to her in August 2019. He noted that Ms B had written to IC cancelling their agreement at around the same time and IC hadn't provided any documents which showed they were entitled to charge her a fee. So he thought it was fair that IC refund Ms B the £150 she'd paid them – and pay her £100 compensation for the distress they'd caused her by pursuing a fee they'd not shown was due.

In response to the investigator, Ms B confirmed she'd hadn't been able to make the payment of £150. IC asked for an extension of time to comment but failed to do so by the deadline given. So I've now been asked to make 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 that, I'm upholding Ms B's complaint. I'll explain why.

Like our investigator, I've not seen any information from IC. So I've had to base my decision on the information from Ms B. I'm satisfied it's fair to do that, because IC have been given opportunities to provide information during the investigation. But they've only contacted us once, to request an extension of time to respond to the investigator's view. And they failed to do so by the deadline given.

I can see from the copy documents Ms B sent us that she pursued a claim with L before she contacted IC. And I've noted she received a payment the same month IC were telling her they were still assessing whether she had a claim. So, in the absence of anything from IC to persuade me otherwise, I'm satisfied the most likely position is that the payment was the result of Ms B's own work, not IC's. And that means I don't think they were entitled to charge her a fee.

Putting things right

Because IC haven't demonstrated they're entitled to charge Ms B a fee, I think they should cancel the invoice they sent her in relation to the claim against L. As she told us she didn't actually make any payment, I don't think they need to refund Ms B any money. But IC should pay her the £100 compensation for the distress and inconvenience she was caused by being pursued for fees they didn't show were due.

My final decision

For the reasons I've explained, I'm upholding Ms B's complaint about Investor Compensation (UK) Ltd and directing IC to pay her £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 25 November 2022.

Helen Stacey
Ombudsman