

The complaint

Mr R complains that Quickly Finance Ltd trading as Fast Track Reclaim (FTR) are asking him to pay their fee for a successful Payment Protection Insurance (PPI) claim he'd made in 2019.

What happened

In November 2018, Mr R instructed FTR to act on his behalf to see if he'd any mis-sold PPI. In 2019, Mr R said after he was given conflicting information from FTR about whether he'd PPI or not, he'd contacted his lender, I'll call "H" himself. Mr R said it was from his actions that his mis-sold PPI complaint was resolved. But he said from July 2022 FTR started asking him to pay their fee for his successful claim. He complained to FTR.

FTR said they'd submitted Mr R's mis-sold PPI claim to "H" before the August 2019 deadline for making such claims. And they'd resolved the confusion around the information they'd given to Mr R when he'd complained about it in late 2019. FTR said they knew Mr R's mis-sold PPI claim was successful, as "H" had provided an update to say it had been upheld. But they didn't know how much he'd received in compensation as they hadn't seen the final response offer letter. FTR said they'd asked Mr R to provide the final response offer letter in late 2019. But neither "H" or Mr R had sent it to them, until they'd received a copy from "H" in July 2022. FTR said this showed their submission of his mis-sold PPI complaint had been successful and that "H" had compensated Mr R for this. FTR said as Mr R's PPI claim was successful their fee was justified.

Mr R wasn't happy with FTR's response and referred his complaint to us.

Our investigator said FTR had shown they'd submitted Mr R's mis-sold PPI complaint, and as the claim was successful their fee was justified. But he asked FTR to pay Mr R £75 as he said FTR should have done more to chase "H" and Mr R for the information they needed to get the matter resolved.

Mr R didn't agree and asked for an ombudsman to decide.

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 partially uphold this complaint. I'll explain why.

I can see from FTR's records, and comments made by Mr R that there'd been conflicting information given to him about his PPI claim. But FTR sent Mr R a final response letter about this in December 2019. Mr R would have had six months from then to bring his complaint to us if he remained unhappy with the outcome. As this complaint wasn't referred to us, I won't comment further about the complaint issues Mr R's raised within it.

I can see from the complaint Mr R has brought to us that its not in dispute that he signed a letter of authority (LoA) and agreed to FTR's terms and conditions when he instructed FTR in November 2018 to pursue a mis-sold PPI complaint for him. And that his mis-sold PPI claim was successful. In reaching my decision I need to consider whether the fee FTR has asked Mr R to pay for this successful claim is justified.

The Financial Conduct Authority (FCA) deemed 29 August 2019 as the deadline for mis-sold PPI claims to be made. As it was expected there would be high volumes of mis-sold PPI claims, some lenders investigated a claim based on a data subject request. But others asked for further information provided in a PPI questionnaire to strengthen the claim that PPI had been mis-sold. Any claim received after the 29 August 2019 deadline wouldn't have been accepted by the lender(s) unless there were exceptional circumstances for doing so.

I can see from FTR's records that Mr R first signed the LoA in November 2018, but in January 2019 "H" questioned the signature and address details and asked for identification verification. A further LoA was signed by Mr R in February 2019, and I'm satisfied this was submitted as FTR has shown "H" confirmed receipt of a claim in February 2019. And they identified that Mr R had PPI on a mortgage account from June 2002.

I've considered FTR's terms and conditions

"Once PPI is identified, the Free PPI Check Period ends and You authorise FTR to continue to provide You with the Claims Services."

And goes on to explain what fee they would charge for their claims service:

"No fees will be charged to you in respect of an unsuccessful claim. Where a claim is successful FTR will charge a contingency fee representing no more that 24% inclusion of VAT in respect of any redress/compensation/goodwill payment recovered on your behalf."

The terms and conditions also provide monetary examples of this. So, I'm satisfied that from when PPI was found FTR were providing Mr R with their claims service, and that they'd charge a fee if his claim was successful.

PPI being found didn't automatically mean Mr R's claim would be successful as lenders would need to consider a number of factors. As outlined above some lenders didn't just accept a LoA to start investigating a mis-sold PPI complaint. I can see that Mr R was asked by FTR to complete a PPI questionnaire in support of his claim. And that in July 2019 they submitted a formal letter of complaint (LoC) to "H" with Mr R's completed PPI questionnaire.

I can see that Mr R asked FTR in August and September 2019 for an update about his mis-sold PPI claim. From FTR's notes Mr R was told they were waiting for a response from "H". In September 2019, FTR were aware that "H" had upheld Mr R's claim at the end of August 2019, and that they were waiting for a copy of "H's" final response offer.

I can see Mr R spoke to FTR in early October 2019 that shows he was also aware his mis-sold PPI claim had been successful, but he said he hadn't yet received any compensation from "H". But FTR has shown that Mr R accepted the outcome to his complaint with "H" in October 2019.

The agreement Mr R would have had with FTR was on a "No win No fee" basis. This means FTR charged a percentage success fee, not a fee based upon the amount of work they did. This meant any work done on any unsuccessful claims would be done for free. Where a claim was successful, FTR's fee maybe 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.

FTR'S terms and conditions say:

"Your claim is deemed successful if we send a letter of complaint and you go on to receive an offer from the lender which you accept."

As detailed above FTR has shown they sent a formal LoC in July 2019, Mr R's mis-sold PPI claim was successful, and he accepted the offer of compensation from "H" in early October 2019.

FTR's terms and conditions also say:

"You may cancel Your Claim(s) at any time within 14 days from the date you sign the Letter of Authority (Cooling -off period) at no cost to You."

And go on to give a variety of ways the cancellation can be done, telephone, email or in writing. I haven't seen any evidence that Mr R asked to cancel his agreement with FTR before his mis-sold PPI claim was upheld.

So, I think Mr R's claim was submitted by FTR prior to the August deadline, and the claim was successful. So, I think FTR is justified in charging their fee. And the amount they've asked Mr R to pay is in line with the agreed terms and conditions of 24% inclusive of VAT

But I agree with our investigator that FTR should have been more proactive in trying to find out what the compensation offer was from "H" so that they could calculate their success fee. Mr R received his compensation in October 2019 but FTR didn't establish the amount until July 2022. So, I think it would be distressing for Mr R be asked to pay a fee for something he received some time before. So, I ask FTR to pay Mr R £75 for the distress this has caused.

My final decision

I partially uphold this complaint. And ask Quickly Finance Ltd trading as Fast Track Reclaim to pay Mr R £75 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 3 April 2023.

Anne Scarr

Ombudsman