

The complaint

Mrs N complains that Blantyre Credit Union Limited trading as Thistle Credit Union asked for unnecessary information to evidence the source of the funds she used to pay off her loan.

What happened

Mrs N had a loan with Thistle and attempted to pay the remaining balance in full on 30 June 2022. The remaining balance was £11,124.59. Mrs N was informed that due to the large deposit being made in one lump sum, Thistle would require proof of the source of the funds. Mrs N sent screenshots of her current account with the entries redacted, other than the entry showing the funds being transferred to Thistle. However, Thistle explained they would need an unedited pdf of the statements so they could confirm the source of the funds, as a screenshot was not secure enough.

Mrs N disagreed with this as she felt it was an invasion of her privacy to provide copies of her statements. She explained this to Thistle and felt she had provided enough for them to clear the loan. She asked for a complaint to be raised and asked for her address to be updated as per the screenshot of the statement provided.

Thistle investigated Mrs N's complaint and issued a final response on 2 August 2022 in which they explained they had frozen the interest on the loan account for eight weeks but they still required a pdf of the statement from where the deposit came from showing the transfer leaving the account. However, as they had not updated Mrs N's address, she did not receive this letter. It wasn't until December 2022 when Mrs N checked her credit file that she realised the loan was still marked as unpaid and in arrears.

Mrs N referred the complaint to our service and our Investigator was able to mediate between both parties. Mrs N eventually agreed to provide the statements initially requested and in return, Thistle agreed to return the funds to Mrs N's current account, minus the contractual payments that had been missed and £64 in interest. They also agreed to amend Mrs N's credit file to clear any arrears. Mrs N has now re-started her monthly contractual payments.

Our Investigator issued a view in which they explained that while they agreed Thistle could have done more to let Mrs N know they had not updated her address and could have realised sooner that the final response had been sent to an incorrect address, they also felt Mrs N could have done more to chase a response from Thistle when she did not receive one as expected.

In any event, as Thistle had waived all interest that would have accrued while the complaint was ongoing, minus £64 which accrued between complaints, as this totalled over £800 they felt this was compensation enough for any perceived error made by Thistle.

Mrs N disagreed with this and felt she should still receive compensation for the issues she faced. As an informal agreement could not be reached, 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.

Having done so, I agree with the Investigator for largely the same reasons. I think the steps Thistle has taken to remedy the complaint is more than I would have expected them to do in the circumstances, and I don't recommend they take further action. I'll explain why in more detail.

Mrs N's complaint began when Thistle asked her for an unredacted pdf of her statements showing the source of the £11,124.59 deposit to clear her loan account. I appreciate Mrs N feels this is an invasion of her privacy however I don't think that Thistle's request was an unreasonable one.

Considering the size of the deposit and the requirement on Thistle to ensure they are complying with the relevant regulations, I think it was reasonable that they made sure they were fully aware of the source of the funds in question. They have explained that a screen shot can be manipulated which is why they required a pdf, and on balance I think this was a reasonable request in the circumstances. With this in mind, I don't think Thistle made an error when it asked Mrs N for further information about the source of the funds.

Mrs N has said her address was not updated as she expected it to, which led to the complaint letters not being sent to her correct address. I can see that Mrs N did mention in an e-mail shortly after making the large deposit that she would like them to amend the address as per the screenshot of the account she provided.

I do agree that Thistle could have made it clearer that in order to update the address, they needed a pdf of either the statements or a bill for the correct address. And that they could have realised once Mrs N did not respond to their complaint letters that the update request had not been completed.

I also have to consider that Mrs N had requested a copy of her terms and conditions for the account and raised a complaint at the same time she asked for her address to be updated. When she did not receive the terms and conditions or a response to her request, I think she could reasonably have realised that something was wrong and contacted Thistle. I also note that when Thistle made Mrs N aware in December 2022 what was needed in order for her address to be updated, she did not provide this until our involvement months later. Which suggest she may not have provided the required documents in June 2022 to update her address. With this in mind, I think both parties are partially responsible for the address not being updated in a timely manner.

The main area where I feel Thistle may have acted unreasonably is when it did not return Mrs N's funds to her when she made it clear she was unwilling to provide the information they had requested. I appreciate they have said they needed confirmation of where to send the funds back to, but I do think they could have e-mailed Mrs N sooner to discuss the options for this. However, if I were to agree an error was made here, the recommended redress would be compensation. As Thistle has already waived the interest Mrs N would have incurred on the loan totalling just over £800, this is far greater than any compensation award I would have recommended.

I appreciate Mrs N sees compensation a separate award, however I have reviewed the complaint and the action Thistle has taken holistically and in the round. Having done so,

considering the interest that has been waived, I don't think Thistle needs to pay any additional compensation.

Thistle has agreed to amend Mrs N's credit file so no missed payments appear on it. I'm aware that there have been issues ensuring this has been completed correctly but that both Thistle and Mrs N have been in contact with the credit referencing agencies to ensure this is rectified as soon as possible. As Mrs N has been put back in the situation she would have been in had she provided the relevant documents in July 2022, I don't think Thistle needs to do anything further to remedy the complaint.

My final decision

I do not direct Blantyre Credit Union Limited trading as Thistle Credit Union to take any further action to remedy Mrs N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 28 August 2023.

Rebecca Norris
Ombudsman