

## **The complaint**

Mr M complains Shelby Finance Ltd trading as Dot Dot Loans (“Shelby”) didn’t update his credit file and contacted him about an outstanding balance which was settled as part of an Individual Voluntary Arrangement (IVA).

## **What happened**

Mr M has provided a copy of his IVA completion documents, and this is dated 7 December 2020 and Shelby is listed as one of the creditors.

Mr M says that at the start of 2021, he noticed his credit file hadn’t been updated and still showed he owed Shelby over £3,400 – however, Mr M accepts he chose to ignore this.

However, in September 2022, he was contacted by Shelby asking for the repayment of £3,400 balance due on the loan. Mr M says he explained this loan was part of an IVA but was told there was no record of it on his account. On the same day, Mr M emailed a copy of the above-mentioned completion certificate.

A complaint was raised, and a final response letter (FRL) was issued in November 2022. Shelby said it hadn’t heard from Mr M’s IVA practitioner and instead had placed a hold on the account on 30 October 2022. It then explained that should it not hear from the practitioner, after the 30 days hold then collections activity will resume.

Unhappy with this response Mr M referred the complaint to the Financial Ombudsman.

Shelby then appears to have had further contact from Mr M and in March 2023 it accepted Mr M’s account wasn’t updated in September 2022 showing the IVA had completed. It confirmed it will write off the debt and close the account. It also offered Mr M £100 compensation.

After the complaint was allocated to an adjudicator, Mr M explained why he didn’t think the offer of £100 was fair or reasonable. Mr M says, that due to the stress of the situation he had to take time off work in October 2022.

Mr M explained his mental health had deteriorated and, believing his IVA had sorted his debts out he was then shocked to realise that he was still being chased by Shelby. And he says that this brought back all the anxieties he had before.

Mr M said after he provided the completion certificate, he didn’t hear anything further and then the phone calls started again in October 2022.

An adjudicator then reviewed the complaint and upheld it. He said the offer of £100 wasn’t sufficient compensation and he instead suggested a payment of £300 was fair and reasonable. He explained there was a reasonable expectation that his loan was settled in December 2020 – due to completion of the IVA. Or at the latest in September 2022, when Mr M provided the information Shelby had asked for. And given the impact this error had on Mr M the award needed to be larger.

Initially, Shelby said it needed evidence of the distress and inconvenience that was caused to Mr M. The adjudicator went back and explained why, in his view this wasn't necessary. Shelby responded to say it didn't agree, as it believed the £100 is sufficient.

As no agreement could be reached, the case was passed to an ombudsman to issue 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.

Shelby, in March 2023, has now accepted something went wrong in this case. In as much as Mr M provided details of the IVA to it in September 2022 and this really ought to have been enough to have updated its records and ceased contact with Mr M. As a result of Shelby not updating the records, Mr M received further contact from it in October 2022. Shelby accepts an error was made here so I don't need to make a finding on what when wrong here.

Instead, what I'm being asked to decide is what is fair compensation for what has happened. And Mr M has provided detailed testimony as to the impact the calls and being chased for a debt that he thought was settled had on him. I can quite understand what Mr M has explained to us about being told he owed more money – a not insignificant sum, during a cost-of-living crisis and what he has told us about his family's finances.

And clearly, the IVA was a way of Mr M being able to draw a line under his difficulties which he had some years ago. I accept Mr M hasn't provided any medical evidence to support what he says about the impact on his mental health. But I don't think I need that - it is of course going to be unsettling finding out he may have owed a creditor a significant amount of money- an amount of money that he didn't owe.

It's also worth saying here, that Shelby had an opportunity to deal with this quickly. Had it made a note of Mr M's email on his file in September 2022, then further calls wouldn't have occurred, and the further distress Mr M says happened wouldn't have been caused. Indeed, it seems to have taken around six months for Shelby to bring this matter to a close – which I think is far too long.

So, taking everything into account, including Mr M's testimony I do consider a fair award of compensation is £300, as directed by the adjudicator.

### **Putting things right**

Shelby should pay directly to Mr M £300 compensation for the distress and inconvenience it has caused by not updating its records to show the IVA had been completed.

Although Mr M's IVA has been completed, there still could be a windfall clause in it, so he may wish to discuss this settlement (if he accepts the final decision) with his practitioner to see how this settlement may or may not affect his completed IVA.

### **My final decision**

So, for the reasons I've explained above, I'm upholding Mr M's complaint.

Shelby Finance Ltd trading as Dot Dot Loans should put things right for Mr M as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 August 2023.

Robert Walker  
**Ombudsman**