

The complaint

Mr M is unhappy with the service he received from Madison CF UK Limited trading as 118 118 Money surrounding an account arrears offer that they sent to him.

What happened

Mr M was £74.91 in arrears on his 118 118 credit account and received an offer from 118 118 which stated that if he made a payment of £37.00 to his account, 118 118 would credit his account with the remaining £37.91 so that his account was no longer in arrears.

Mr M made the £37 payment to 118 118, but 118 118 didn't then credit the £37.91 to his account as they'd promised. And 118 118 also reported his account as continuing to be in arrears to Mr M's credit file. Mr M wasn't happy about this, so he raised a complaint.

118 118 apologised to Mr M for not crediting his account with £37.91 as they should have done and confirmed to Mr M that they had now credited that amount to his account and had instructed the credit reference agencies to amend his credit file to show that he wasn't in arrears on his account for the month in question. Finally, 118 118 also credited a further £75 to Mr M's account as compensation for the trouble and upset he'd incurred.

Mr M wasn't satisfied with 118 118's response and wasn't happy that he kept receiving further arrears payment offers from 118 118 which he wasn't considered eligible for, given that only one offer was allowed per customer. So, he referred his complaint to this service.

One of our investigators looked at this complaint. They felt that 118 118 had taken the corrective action to put Mr M into the position he should be in, had they credited his account with the £37.91 when they first should have done. But they didn't feel that the £75 further credit that 118 118 had paid to Mr M fairly recognised the impact these events had on Mr M. So, they recommended that 118 118 should pay Mr M a further £25.

Mr M didn't feel the view of this complaint put forwards by our investigator went far enough, so the matter was escalated to an ombudsman 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.

Where a business has made a mistake, as 118 118 accept that they did here by not crediting the £37.91 to Mr M's account when they first should have done, what this service would expect would be that the business would take the corrective action necessary to restore the complainant to the position they should be in, had the mistake never occurred.

118 118 appear to have done that here. I say this because 118 118 have now credited the £37.91 to Mr M's account and have instructed the amendment of Mr M's credit file to be as it should have been, had the £37.91 been credited to Mr M's account correctly. Accordingly, I'm satisfied that no further corrective action is reasonably required from 118 118 at this time.

It would also be expected by this service that 118 118 would consider the impact of their mistake on Mr M and would compensate him for any trouble and upset he may have unfairly incurred as a result. And to that end 118 118 made a further credit of £75 to Mr M's account.

Our investigator didn't feel that this payment of £75 provided fair compensation to Mr M for everything that had happened, including that Mr M continued to receive further arrears payment offers from 118 118 that he wasn't eligible to benefit from. This was because 118 118 only allow one arrears offer per customer and because Mr M had already accepted such an offer when he paid the £37. So, our investigator recommended that 118 118 should pay a further £25 to Mr M, taking the total compensation amount to £100.

Matters of compensation can be subjective. But the total compensation amount of £100, as recommended by our investigator, feels fair to me. I reach this position in consideration of the trouble and frustration Mr M incurred because 118 118 didn't apply the credit to his account when they should have done, and also in consideration of the continuing arrears payment offers that Mr M has received but can't accept, which I feel would be of detriment to Mr M given the anxiety and worry that being in arrears on an account often elicits.

Finally, I've also considered the general framework this service uses when assessing compensation amounts – details of which are on this service's website. And taking all these factors into account, I feel that £100 is a fair amount.

All of which means that I'll be upholding this complaint in Mr M favour and instructing 118 118 to pay a further £25 to Mr M. 118 118 should also ensure that they send no further offers to Mr M that he isn't eligible to accept.

Putting things right

118 118 must make a payment of £25 to Mr M.

My final decision

My final decision is that I uphold this complaint against Madison CF UK Limited trading as 118 118 Money on the basis explained above.

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

Paul Cooper
Ombudsman