

The complaint

Mr B complains that Loans 2 Go Limited (L2G) contacted him too often regarding arrears on his loan with it.

What happened

Mr B had a loan with L2G with a monthly repayment of £269. Due to a change in circumstances, he missed the payment due on 30 September 2022. Mr B emailed L2G on 17 October 2022 explaining he planned to pay an extra £90 per month over the following three months to clear the arrears. Mr B paid £300 to his loan on 30 November, 30 December 2022, and 1 February 2023. Between 22 November 2022 and 17 February 2023, Mr B received 20 text messages asking for payment – seven of which came in a fortnight in February with two in one day. Mr B complained to L2G as he felt it was harassing him for payment when it knew - and could see – he was clearing the arrears.

L2G looked into his complaint and issued a final response. It apologised for the stress this situation had caused Mr B and said its actions hadn't been intended to cause any distress. It said the texts were designed to prevent him from falling further into arrears and continued because no valid payment plan had been put in place. L2G rejected Mr B's complaint.

As he was unhappy with L2G's response, Mr B referred his complaint to us. One of our investigators looked into it. He said there was no dispute about the amount of contact Mr B received (which wasn't just limited to the texts mentioned above). Our investigator said he felt the volume of texts was excessive given that Mr B had engaged with L2G and made an offer to pay. He also noted that on 8 February 2023, Mr B had explicitly asked L2G to stop texting him, but it had sent at least three more texts after that. Overall, our investigator said the texts had caused Mr B unnecessary distress and inconvenience and asked L2G to pay him £150 in recognition of that.

Mr B accepted what our investigator had said but L2G didn't. It said the contact wasn't excessive and it has a duty to keep Mr B informed of the status of his account and how missed payments could have a negative effect on his credit file.

As there was no agreement, the complaint has been passed to me for 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.

There is no doubt that Mr B fell into arrears on his loan in September 2022. He contacted L2G on 17 October 2022 to acknowledge that and make a repayment proposal. L2G replied to him on 1 November 2022 and offered to discuss his proposals. There was some contact via email as Mr B was having difficulty getting the payment to go through, but that was later resolved. Mr B began to make increased payments from 30 November 2022.

Between falling into arrears and making his next payment, I can see Mr B received a few

texts (Mr B lists three) and some emails regarding his payment proposal. I don't think that's unreasonable at that stage. Since then:

- Mr B made a payment of £300 on 30 November 2022, and I can see that L2G text him on 2, 9, 14, 15 and 16 December 2022.
- He made a further payment of £300 on 30 December 2022, and L2G sent texts on 6, 13, 18, 20 and 27 January 2023.
- He made a further £300 payment on 1 February 2023, and received a text from L2G on 3 February, two on 8 February and one each on 9, 10, 15 and 17 February 2023.

The texts are generic in nature saying simply *"Hi, your account is in arrears of £XX. You can make a payment online..."*. It is clear to me that Mr B was well aware of the arrears on his account and was making regular payments in excess of his contracted payments to reduce the arrears.

I note that L2G has said the purpose of the texts was to prevent Mr B from falling further into arrears and continued because no valid payment plan had been put in place. It said he should *"never have been made to feel any form of stress or undue pressure and...this was never our intention."*

I can't see how the numerous texts Mr B received from L2G achieved that aim. I can see a good reason for L2G to contact Mr B after a payment has been made to let him know the current balance of his arrears – those on the 2nd of the month for instance. But I find it difficult to understand the purpose of the remainder of the texts other than to put pressure on Mr B.

From the evidence presented, the texts all said the same thing and offered no suggestions or advice, or requested contact to discuss repayment plans. Simply they were constant reminders of the situation Mr B had found himself in and was trying to work his way out of. I can't understand how L2G can reasonably say that the texts were not designed to cause pressure or stress, especially when sent at inconsistent intervals and so frequently.

Having considered all the evidence supplied by both parties, I think L2G should pay Mr B £150 for the undoubted distress the numerous texts caused him at what would already have been a stressful period. Mr B tells us he's now repaid the loan in full, so this payment should be made directly to him. If he wishes to accept my decision, Mr B should let us have details of the account he'd like the money paid to, and we'll pass that on to L2G.

My final decision

My final decision is that I uphold this complaint. Loans 2 Go Limited should pay Mr B £150 for the distress caused to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 February 2024.

Richard Hale
Ombudsman