

The complaint

Mr E complains about Clydesdale Financial Services Limited trading as Barclays Partner Finance's handling of a loan he took out to pay for a solar panel system ("the system").

What happened

In 2013, Mr E purchased the system from a supplier and paid for it using a fixed sum loan agreement from Clydesdale. In 2020, Mr E says he experienced some financial hardship and spoke to Clydesdale about this, after which he received a loan statement, which Mr E understood to show the outstanding balance had been written off. Clydesdale did not seek to recover any outstanding amounts from him.

In May 2022, Clydesdale wrote to Mr E to say it had conducted a review into how the loan and the system was sold to him. And that as a result of this it was offering redress to Mr E, some of which was used to reduce the outstanding balance of the loan to zero, with the remaining amount paid to Mr E with interest.

Mr E questioned this with Clydesdale, because he thought there was no outstanding balance on the loan. He was then unhappy with the explanation he received, feeling that Clydesdale's response was dishonest and /or deliberately deceptive. He was also unhappy that the redress paid to him following the review did not arrive as quickly as he'd been led to expect. Unable to resolve the complaint with Clydesdale, Mr E contacted the Financial Ombudsman Service.

Our investigator looked into what had happened. Clydesdale explained that Mr E's loan was due to be sold to a debt collection agency, and the balance reduced to zero in Clydesdale's records in preparation for this. But the sale didn't happen because of Clydesdale carrying out the review of what happened when Mr E purchased the system and took out the loan (which took some time). Clydesdale confirmed the outstanding balance was never written off and if it had been Clydesdale would've confirmed this to Mr E in writing – which it had never done. It was unable to explain how or why Mr E received the statement which appeared to show the loan had no outstanding balance.

Our investigator concluded there had been a breakdown in communication and that Clydesdale should pay Mr E £100 compensation in recognition of the distress and inconvenience this caused, which Clydesdale agreed to. Clydesdale had also paid an additional amount of compensation in relation to the delay in payment of the redress. And our investigator thought that the overall compensation paid was sufficient to put things right.

Mr E was unhappy with this outcome. He said that the redress paid to him following the review of the sale of the system and loan included 56 days interest on the understanding it would be paid within 30 days. But it was over 100 days before he received the payment. So, he thought additional interest should be added to cover that time – separately to the compensation he received for the resulting distress and inconvenience.

Because our investigator did not resolve the complaint, I've been asked to make 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.

Having thought about what happened including what Mr E has said in relation to this complaint, I have reached the same outcome as our investigator. And I've decided that Clydesdale only needs to pay Mr E £100 to put things right.

Mr E took out the loan to pay for the system and at some stage he stopped making repayments. I'm satisfied with Clydesdale's explanation about the outstanding balance of the loan being seemingly written off. It would be highly unusual for a debt to be written off without any attempt to recover it from the debtor and without telling the debtor this had been done.

Clydesdale undertook an internal process in preparation for the outstanding debt to be transferred to a debt collection agency, which ultimately didn't happen due to the review that was undertaken. This means Mr E still owed the money to Clydesdale – as you would expect, since he did not pay it off.

I think Mr E was sent the statement showing this in error. I do not think that this was supposed to be sent to him nor was it intended to indicate to him that he no longer owed anything to Clydesdale. Nor was he ever explicitly told he did not owe anything more in relation to the debt.

Even if Clydesdale had for some reason written off the debt, I still think it would've been reasonable to use the redress following the review to offset the amount that was written off.

But I can understand why Mr E would've been given a glimmer of hope that the debt had been written off. Especially given there was no collections activity seeking to recover the outstanding debt. I think the problem here is that Clydesdale did not do a good job of explaining what had happened and why. I do not think it was being deliberately dishonest or deceptive in its dealings with Mr E.

However, I do not think that Clydesdale did anything wrong by using the redress to pay off what Mr E still owed on the loan. He had borrowed this amount and not paid it back. So, I don't think that Mr E could reasonably expect to be paid this amount in compensation, rather than it being used to cancel out what he had borrowed but not paid back.

So, what I have to decide is whether the additional compensation recommended by the investigator in respect of distress and inconvenience is fair and reasonable in this case. Bearing in mind everything that happened, including other payments made by Clydesdale, I think that it is.

I appreciate Mr E's point of view regarding the interest and the distress and inconvenience caused. And I appreciate he'll be disappointed by my decision, but overall, I have decided that Clydesdale only needs to pay him £100 compensation, as recommended by the investigator, and which Clydesdale has said it is willing to do.

Putting things right

To put things right, Clydesdale should pay Mr E £100.

My final decision

For the reasons I've explained, I uphold this complaint. Clydesdale Financial Services Limited trading as Barclays Partner Finance should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 29 February 2024.

Phillip Lai-Fang
Ombudsman