

The complaint

Ms J complains that Salary Finance Limited didn't take the payments for her loan even though she had set up a direct debit following her leaving her employer. She says this adversely affected her credit file. She wants the adverse information removed from her credit file as well as an apology and compensation for the stress she has been caused.

What happened

Ms J took out a fixed sum loan agreement for £7,000 in August 2018 with payments being made through salary deduction. This loan was taken over by Salary Finance Limited. She says she contacted her employer as she was leaving their employment and set up a direct debit in June 2022. On 10 August 2022, she emailed Salary Finance and then responded to the emails Salary Finance sent, but the direct debit wasn't taken from her account and her credit file was affected. Ms J says when she was able to make contact with Salary Finance, she received conflicting information and didn't receive call backs when promised. She asked for details to make a manual payment, but these took a long time to be provided. She says she eventually was able to complain and was offered £30 which she didn't accept, and her direct debit still wasn't set up.

Salary Finance said that Ms J contacted it to set up a direct debit but that the information provided didn't match the details it held so further details were requested. It said the information it had recorded with the credit reference agencies was accurate. Salary Finance noted that Ms J requested details of how to pay the arrears on her account and these weren't provided until three weeks later. It apologised for this delay and offered to pay Ms J £30 as a gesture of goodwill.

Our investigator didn't uphold this complaint. She noted that Ms J had contacted Salary Finance to update her direct debit but that she hadn't provided the information needed for this to happen. While there were delays in the responses by Salary Finance, particularly regarding the payment details, our investigator noted that Ms J didn't bring her account up to date once the details were provided.

Ms J didn't agree with our investigator's view. She said that she hadn't received the £30 gesture of goodwill and that Salary Finance had the details required to take her payments but didn't. She explained that when Salary Finance didn't respond to her, she wasn't able to make further payments as had she done so and then the direct debit was also taken, she wouldn't have had the money to pay her other debts. She said that she shouldn't have been put on a payment plan as she could make the payment required, she just couldn't pay all of the arrears in one go.

Our investigator contacted Salary Finance which confirmed the £30 hadn't been paid as Ms J hadn't initially accepted this but said this should have been paid following our investigator's view. Because of this it increased the amount to £50 and confirmed this would be paid.

Following the issuing of our investigator's view, Ms J said that Salary Finance had stopped taking her direct debit payments and she had received an annual statement saying that her

account had been sold. She said she hadn't been told this was happening and is now at risk of further damage to her credit file.

My provisional conclusions

I issued a provisional decision on this complaint. My findings were as set out below.

I have looked through the information provided to understand the timeline of events. I also note Ms J's comment about the additional calls she made.

From what I have seen, Ms J sent an email to Salary Finance dated 9 August 2022, saying that she had left her previous employment and that going forward her loan repayments would need to be taken from her bank account which she provided details of and said Salary Finance would have this listed. There were then email exchanges through August in which Salary Finance requested further information and Ms J provided this. Ms J provided copies of her bank statements as requested but Salary Finance emailed her on 22 August to say that as these didn't show the address on her account, she would need to provide further proof of address. I have nothing to show Ms J provided this at that time.

Having looked through the email chains from August 2022, I do not find that Salary Finance did anything wrong. It responded to Ms J's initial email promptly and when new information was provided it responded to this. While I appreciate that Ms J had to provide additional details, as there were discrepancies in the information provided compared to what Salary Finance held in its records, I do not find I can say Salary Finance was wrong to request the information it did.

Ms J emailed Salary Finance on 29 October 2022 saying that her payment hadn't been taken and asking for details of how she could make a payment. As Ms J hadn't responded to the request for proof of address from August, I do not find I can say that Salary Finance was wrong to not have set up the direct debit at that time. While Ms J's email was acknowledged no payment details were provided.

On 10 November Salary Finance emailed Ms J and set out her loan account details and said a new bank statement was needed. I can understand why Ms J found this frustrating as she had previously provided a bank statement which met the three month requirement and at that time Salary Finance had said she needed to provide further proof of address. Whereas in this correspondence she was being asked for a new statement due to the time that had passed. I find this correspondence would have caused confusion about what had been received and what was still required.

That said, I note that Salary Finance was trying to assist Ms J at this time by putting her account on hold for 30 days with no interest being charged and providing a link for an income and expenditure form to be completed.

Ms J raised a complaint, and this was acknowledged on 15 December 2022, and she was at that time also provided with the payment details she had requested and further details of the proof of address that was needed. At this point I find it reasonable to accept that Ms J had the details needed to make the payments on her account. I note her comments about the risk of two payments going out, but I think it would have been reasonable for Ms J to make the payments she could, given her concerns about her credit file.

Ms J sent a copy of a bank statement on 8 January 2023, and this was dated December 2022. Salary Finance then sent her an email dated 10 January 2023 once again saying the details didn't match its records and asking for the same information that had been provided as part of the August 2022 email chain. I find this would have been frustrating for Ms J and

that Salary Finance should have provided better service at this point given the information it had previously received and the communication that had been ongoing with Ms J.

In February 2023, following a call with Ms J it was confirmed what information was still needed and I can see that following a further call on 2 March it was said that the contractual payment would be set up starting 31 March 2023 and that Ms J would make additional payments when she could. Interest was frozen until 2 June 2023 which I find shows that Salary Finance was trying to assist Ms J.

Overall, I find that Salary Finance could have provided better service to Ms J. While I think the initial information requests in August 2022 were reasonable, Salary Finance then didn't provide the payment details Ms J requested for several weeks. It also sent her emails requiring information that she had already sent and wasn't always clear on what information was needed for the payment to be set up. I note that Salary Finance has provided Ms J with £50 as a gesture of goodwill but noting the time she spent dealing with this issue and that Salary Finance did send requests for information already received, I think it should pay a further £50 compensation (bringing the total amount to £100).

I understand that Ms J's main concern is her credit file and I appreciate why this is a particular issue for her but as she didn't make the payments as required under her agreement and she didn't provide all the information that had been requested to set up the direct debits and didn't correct this situation when the payment details were provided to make the manual payments, I do not find I can say that Salary Finance was wrong to record the information it has.

Since the view was issued, Ms J said that her direct debits have stopped being taken and her account has been sold. We contacted Salary Finance about these issues, and it explained that Ms J's loan was showing as being repaid in full which was why the payment hadn't been taken. In regard to the ownership of the debt it said that it was servicing the loan and that the switch in owner occurred when Salary Finance took over the debt from the previous provider.

Salary Finance accepted my provisional decision.

Ms J provided a further response. She reiterated that it took several months for Salary Finance to give her the payment details and she provided further details about the extremely stressful personal circumstances she was experiencing at the time. She explained how she had worked to keep her head above water and to deal with the debts she had been left with. She said she had been able to maintain her credit score and that other creditors had been understanding. Ms J said there were issues with Salary Finance providing her with the form to complete and it wasn't until she made her complaint that it was acknowledged how badly the situation had been handled. She said that her credit score has always been important to her and she made this clear to Salary Finance and that she has done everything she can to try to deal with the issues and asked what cost it was to Salary Finance to amend her credit file.

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.

As both parties have responded to my provisional decision, I am now able to issue my final decision.

I am sorry to hear of the extremely difficult time Ms J has been experiencing and I do not underestimate the challenges she has faced. I can see from her testimony that she has worked hard to try to clear the debts she was left and resolve the issues on this account. But having considered her response to my provisional decision alongside the other evidence provided through this investigation, I do not find that I can require Salary Finance to remove the adverse information recorded on her credit file.

While I note the efforts Ms J took to try to resolve the issues with her loan payments, as payments were missed due to Ms J not providing all the information needed for the direct debit to be set up and then she didn't make the payments manually when the details were provided, I do not find I can require Salary Finance to remove the data recorded at that time. I note Ms J's question as to what cost it was to Salary Finance to make the amendments but the issue isn't the cost but whether the information recorded is accurate. Without evidence to show the information has been recorded incorrectly or that it doesn't provide an accurate reflection of her account, I do not find I can require Salary Finance to remove the information recorded.

I do find that Salary Finance could have provided better service and I noted details of this in my provisional decision. Based on this my recommendation of a further £50 compensation hasn't changed.

Putting things right

Salary Finance Limited should, as it has agreed, pay Ms J a further £50 compensation (additional to the £50 compensation paid and bringing the total compensation to £100) for the issues she has experienced while trying to set up her direct debit.

My final decision

My final decision is that Salary Finance Limited should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 28 December 2023.

Jane Archer
Ombudsman