

The complaint

Mr K complains Madison CF UK Limited trading as 118 118 Money didn't set up a repayment plan properly for his personal loan account – and they gave him very poor customer service when he queried this.

What happened

In December 2022 Mr K unfortunately lost his job. As a result of that he wasn't able to meet his contractual monthly repayment and asked 118 118 for help. A payment holiday was agreed for a period of time but despite that he kept receiving a lot of emails, texts and letters demanding repayment of the amount owing. One text Mr K received said if he made a one-off payment then they'd put him on a payment plan – he did make this payment, but they didn't then immediately put him on the repayment plan. Mr K continued to have difficulties in getting payments made to 118 118.

In response to Mr K's complaint, 118 118 said there was an unfortunate breakdown in communication in their customer service team while he was trying to set up a payment plan. They said while they weren't responsible for the arrears, they felt they should have done more. So, in the interests of treating customers fairly, 118 118 said they'd remove the Notice of Default from Mr K's records. They also offered a £100 payment.

Unhappy with this, Mr K asked us to look into things. One of our Investigators did so and found 118 118 should pay £175 compensation in total, ensure the default is removed, and the original arrangement should be put in place. They also said the arrangements should be reflected on Mr K's credit file from April 2023, and if 118 118 decided to default later on – then the default date should be backdated to the original default date. Mr K's debt had also been passed on to a debt purchaser – and our Investigator felt it should be returned to 118 118.

As an agreement couldn't be reached, the complaint was passed to me to decide.

I should explain at this point Mr K had both a personal loan and credit card which he's complained about. This decision only addresses the personal loan account, the credit card complaint has been addressed separately.

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.

It's clear from the information I have 118 118 made errors regarding Mr K's loan account. The question becomes what I think fair compensation looks like.

To help me decide that I've looked at what happened.

Mr K contacted 118 118 when he got into financial difficulties. This is exactly what people are told they should do. So, I can imagine it was extremely frustrating for Mr K to have difficulties getting a debt plan put in place.

At one point, Mr K was contacted by text on 19 April 2023 asking if he wanted to set up a plan. He replied yes and was told the first payment of the plan for £47.90 for six months would come out on 2 May. But Mr K found 118 118 took the full contractual monthly repayment on 28 April 2023 which had caused him hardship – Mr K said he couldn't afford food now. This issue was resolved within five days but shouldn't have happened in the first place.

So, even though Mr K was on a plan after this, and he'd already had issues, he kept receiving messages that demanded he repay his loan. Mr K has said this seriously impacted him, and I can understand why.

Putting things right

In the circumstances, I'm satisfied 118 118 should:

- Pay Mr K £175 compensation
- Remove the default
- Mr K's original arrangement is put in place and backdated to April 2023 when he first asked for it.
- Buy back Mr K's debt

Although I appreciate 118 118 wouldn't usually buy back a debt, I think it's appropriate in this case. I say that given all of the issues Mr K has had, I think it's important for his account to be managed by 118 118 who understand the history of where things have gone wrong.

My final decision

For the reasons I've explained I uphold this complaint and require Madison CF UK Limited trading as 118 118 Money to carry out the actions in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 April 2024.

Jon Pearce
Ombudsman