

The complaint

Miss A complains that John Lewis Financial Services Limited trading as John Lewis Personal Loans (JLPL) incorrectly applied overpayments on her account leading to an overpayment. She would like a refund and compensation.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here. Instead, I will focus on giving the reasons for my 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 done so I have reached the following conclusions:-

- I appreciate Miss A's concern; she made overpayments to her loan to pay it off early. Her expectation was that her direct debits would continue as originally set up, but they didn't. Instead, it seems her extra payments were put into a 'pot' and used to reduce her direct debit payments. For over payments to reduce the loan Miss A needed to advise JLPL of this. She says she did via online servicing. I have seen correspondence from JLPL apologising that the overpayments hadn't been correctly allocated so I am inclined to believe that Miss A did follow the correct process. The error seems to be JLPL not Miss A's
- However, JLPL did agree to Miss A's request for £596 compensation. This covered compensation for the inconvenience (£200) plus a reduction on the loan of £396 to compensate for the direct debit payments that weren't taken. At this point I think it's reasonable to assume Miss A was happy this resolved the issue of how her payments were used as JPFL agreed to pay in full what she requested.
- The outstanding issue is that Miss A says she was advised there was an outstanding amount in her 'pot' of £96.27. I have seen correspondence which confirmed this amount and that once final payment had been made JLPF would confirm if any repayment was due.
- I have looked at Miss A's account information. This shows direct debit and the extra payments made. The 'pot' isn't a separate amount that can be seen. And a specific amount of £96.27 isn't identifiable on the account information that I have seen although a payment of £96 was made on 25 March 2023. I can't explain why Miss A was given the figure of £96.27 – the adviser may have been referring to the March payment, may simply have made a mistake or possibly the account information was not up to date at that time. However, having looked at the account information provided I can see no evidence of any overpayment made or of any amount outstanding due to Miss A. The account was finally closed with a debit interest payment of £1.55 being written off. On this basis I am persuaded that there was no

overpayment on the account and therefore no money due back to Miss A. So I see no reason to increase the compensation she has already received

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 27 March 2024.

Bridget Makins
Ombudsman