

The complaint

Mr O complains about how ETIKA FINANCE UK LIMITED dealt with the administration of his loan account and the handling of his subsequent complaint.

What happened

By February 2023, Mr O was experiencing financial difficulty and was struggling to make his loan payments. When ETIKA became aware, it put the account on hold so as to give Mr O some breathing space before resuming his payments. It refused his request to write off the debt as the item purchased with the loan was still in his possession.

ETIKA rejected most of the complaints Mr O had made. But ETIKA accepted it hadn't communicated with Mr O as well as it should have and offered to pay him £30 as compensation for the distress and inconvenience caused to him. It later increased its offer to £50.

Unhappy with ETIKA's responses, Mr O brought his complaint to this service. In summary, he wasn't happy with ETIKA's response when he told it he was in financial difficulty. And also because ETIKA had recorded his details incorrectly on his credit file, adversely affecting his financial situation.

One of our investigators looked into Mr O's complaint, but didn't recommend that it should be upheld. They believed ETIKA had tried to put things right for Mr O – for example by arranging for his details to be amended for credit search purposes – and that its latest offer of £50 was fair in the circumstances.

As Mr O didn't agree with the investigator's findings, the complaint was passed to me to review afresh.

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.

Mr O's raised a number of issues as part of his complaint. While I've carefully considered them all, I don't intend to address each and every one of them in this decision. This service is intended to be quick and informal and, in-keeping with that approach, I've focussed instead on the issues I consider go to the heart of the complaint.

Having done so, I don't uphold this complaint. I'll explain why.

Fundamentally, Mr O entered into an agreement with ETIKA to pay it back for a loan he took out. This meant him paying a specified amount on an agreed date each month for the term of the loan. This was all set out in Mr O's loan agreement. Unfortunately, he wasn't able to comply with the terms of the agreement and he missed payments.

On hearing from Mr O that he was struggling financially, I'm satisfied that ETIKA treated him

fairly overall. For example, it took steps to ensure Mr O wasn't put under undue pressure to make payments it was aware he couldn't afford. It did this by putting the agreement on hold for a time while it tried to assess his income and expenditure levels to see what he could afford to repay. In the meantime, ETIKA signposted where he could get free debt advice. Although I realise Mr O would disagree, I can see ETIKA tried to deal with the situation positively and sympathetically.

Another of Mr O's complaint points was that ETIKA was responsible for his address showing incorrectly on his credit file. It's not in dispute that these details weren't correct as, for example, they showed Mr O's house number twice. However, I can't fairly say that ETIKA was at fault for that. I say this because it's demonstrated that it took the details from Mr O's online loan application – an application that he completed without any involvement with ETIKA. On balance, I don't think it would be fair to blame ETIKA for the errors on this occasion, or their alleged consequences.

In any case, I'm satisfied ETIKA has requested that the discrepancies in Mr O's credit file be corrected by the credit reference agency (CRA). ETIKA isn't directly responsible for the information the CRA chooses to record or how it's presented by them, so I don't believe ETIKA could reasonably be expected to do any more in this regard.

That said, ETIKA accepts it could have handled certain matters better than it did. For example, Mr O felt ETIKA had mis-handled his data subject access request. And ETIKA didn't initially respond as quickly as it should have done when Mr O complained to it. For its shortcomings, ETIKA's apologised to Mr O and offered to pay him £50 for the distress and inconvenience caused to him as a result.

It's seldom straightforward to decide on appropriate levels of compensation for non-financial losses. Not least because the impact on the consumer will be, by its very nature, subjective and difficult to quantify. Having said that, I've carefully considered the events leading up to ETIKA's offer and the impact of those events on Mr O, together with our published approach to compensation for distress and inconvenience, which can be found on our website.

Taking everything into account, and while recognising Mr O's strength of feeling about the matter, I'm satisfied ETIKA's most recent offer of £50 is fair in the circumstances.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 13 May 2024.

Nimish Patel
Ombudsman