

The complaint

Mr G complains about Ls Claims Ltd (“LCL”) and an invoice he received in error in August 2023, alongside the service LCL provided to him when he questioned the validity of this invoice.

What happened

The claim and complaint circumstances are well known to both parties, so I don’t intend to list them chronologically in detail. But to summarise, Mr G initially instructed LCL to pursue a claim for mis-sold short-term lending around 2018. And, a claim was successful, with a refund being secured from lender W. LCL took their settlement fee from this refund amount, paying the remaining balance to Mr G.

But on 18 August 2023, LCL invoiced Mr G for their settlement fee relating to this claim again. Mr G spoke to LCL the same day, who confirmed this invoice was sent in error and no payment was due. But Mr G didn’t think LCL had answered all of his concerns and so, he raised a complaint about this, and the impact caused to him.

LCL responded to the complaint six days later, upholding it. They accepted the invoice was sent in error. But they thought they’d confirmed this to be the case with Mr G on the same day. And within this response, they confirmed this invoice, and the debt it contained, hadn’t been reported to any external agencies and so, Mr G’s credit file hadn’t been impacted. Because of this, LCL didn’t think financial compensation was warranted and so, they didn’t offer to do anything more. Mr G remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. They thought LCL could’ve done more on the call between themselves and Mr G on 18 August. And they thought if they had, Mr G may have not needed to log a complaint and await a complaint response confirming his credit file hadn’t been impacted. So, they recommended LCL pay Mr G £125 to recognise the above and provide Mr G with an explanation of how the system error occurred.

Mr G accepted this recommendation. But LCL didn’t, and they disputed our service’s jurisdiction to consider the complaint. Our investigator issued a second view explaining why we did hold jurisdiction, but LCL continued to dispute this. Despite this dispute, LCL also offered to pay Mr G £50 to settle the complaint. Our investigator’s recommendation remained unchanged and LCL continued to disagree. So, the complaint was passed to me for a decision.

I issued a provisional decision on 28 February 2024, where I set out my intention to uphold the complaint with a different direction to that recommended by our investigator. Within that decision I said:

“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, it’s my intention to

uphold the complaint. But the actions I think LCL should take differ from that put forward by our investigator.

Before I explain why I intend to reach this decision, I think it's important for me to set out exactly what I've been able to consider, considering LCL's dispute regarding our service's jurisdiction.

I note LCL dispute whether Mr G is an eligible complainant, as the claim he initially instructed LCL to carry out in 2018 had ended. And they feel the invoice being sent in error is a separate event, which isn't linked to a regulated activity. But I disagree.

In this situation, it's not disputed that the invoice sent in error was linked directly to the claim LCL were instructed by Mr G to pursue in 2018. And, that this claim was a regulated activity, under the regulations in place at the time. While I recognise LCL's view that an ongoing service needs to be being provided for a complainant to be eligible, this is not the case as stipulated within the rules set by the regulator. It is stated clearly within these rules that an eligible complainant is a consumer, and so person, who "uses, has used, or may use" a regulated service. So, I'm satisfied Mr G is an eligible complainant and that the complaint he's brought to our service is one we can consider.

I've then turned to the merits of the complaint itself. And I note it's accepted by LCL that the invoice was generated and sent in error. So, I don't think the merits of Mr G's complaint remain in dispute and because of this, I don't intend to discuss them in detail. Instead, I've turned to what does remain in dispute which is what LCL should do to put things right.

Putting things right

When thinking about what LCL should do to put things right, any award or direction I make is intended to place Mr G back in the position he would've been in, had LCL acted fairly in the first place.

In this situation, had LCL acted fairly, they wouldn't have sent Mr G the invoice in error. And if they hadn't sent this, then Mr G wouldn't have needed to call LCL to check whether the invoice was correct and encounter the level of service he received during this call. I appreciate this would've been inconvenient and emotionally impactful, so I do think this should be compensated for. And I also think the six days Mr G spent worrying about whether his credit file had been impacted should also be taken into consideration alongside this.

But I do also think any compensatory payment must reflect the fact that LCL were able to confirm with Mr G on the same day that they payment wasn't one that needed to be made. And that within six days LCL were able to confirm to Mr G in writing that his credit file hadn't been impacted negatively.

While I appreciate an ideal situation would've seen Mr G understand this on the initial call he made, our service doesn't expect a perfect level service, only a fair and reasonable one. And I do think LCL being able to address all of Mr G's concerns, in writing, within six days to be a reasonable time frame.

So, considering all of the above, I think a payment of £50 is more appropriate, and in line with our service's approach, considering the impact to Mr G and the relatively short period of time LCL were able to address his concerns. So, this is a payment I intend to direct LCL to make.

And while our investigator recommended LCL provide an explanation of why their system produced the error, this isn't something I think is necessary here. This is because I don't think it's reasonable to expect a business to never make an error, whether that be human or systematic. And as this appears to be an isolated incident, that hasn't occurred since, I don't think Mr G being provided with a technical explanation of what happened will add any value. Instead, what does add value is LCL's admittance of the error and to take steps to ensure it doesn't happen again, plus a payment to recognise the impact it's caused. And so, this is what I'm directing LCL to do."

Responses

LCL responded to the provisional decision accepting it. But Mr G made further comments he wanted to be considered. This included consideration for his financial situation at the time of LCL's error, explaining he was in a debt management plan at the time and so, he didn't have the funds to be able to meet the demands he felt LCL were making. Mr G also set out clearly why he didn't think the £50 payment was a fair reflection of the inconvenience and distress he was caused by the error, and his intended next steps following the issue of my final 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 see no reason to change my initial conclusions. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

My reasoning explaining how and why I reached my provisional decision is set out clearly above. So, I don't intend to repeat the reasoning in detail. Instead, I've focused on the additional comments provided by Mr G, and LCL's acceptance of the provisional decision.

I want to reassure Mr G I've thought about all the comments he's made in detail. And this includes his financial situation at the time of LCL's error. I do agree with Mr G that this financial situation would've likely made the worry felt receiving the invoice worse, as I don't doubt Mr G would've had less means available to him to pay the invoice in question.

But crucially, Mr G didn't need to pay this invoice. And he was made aware of this on the same day he received the invoice. So, I do think the worry he felt regarding his ability to pay this invoice was mitigated by LCL.

And while I don't doubt Mr G would've felt a heightened need to understand whether his credit file had been affected, considering he was already in a plan to manage his debt and improve his financial situation, I think my provisional decision sets out clearly why I think a £50 payment recognises the worry Mr G felt over the six days it took for LCL to confirm his credit file hadn't been impacted in writing. And I don't think Mr G's additional representations alter my decision on this. So, this £50 is a payment I'm directing LCL to make.

My final decision

For the reasons outlined above, I uphold Mr G's complaint about Ls Claims Ltd and I direct them to take the following action:

- Pay Mr G £50 to recognise the impact he was caused by the decision to invoice him in error.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 April 2024.

Josh Haskey
Ombudsman