

The complaint

Mr G complains that United Kash Limited (“UKL”) declined his offer of payment and attempted to pressure him into an unaffordable payment plan. He’s also unhappy because his credit score has been affected.

What happened

Mr G took out a loan with a third party company (referred to in this decision as “L”). The loan fell into arrears and defaulted, and the outstanding debt of around £1600 was sold to UKL.

In March 2022 Mr G asked UKL if he could set up a payment plan. He queried the outstanding debt amount on the basis that it included interest. UKL referred Mr G to L for any complaint about interest on the loan. It asked Mr G for his payment proposals.

Mr G responded to UKL and said he wasn’t prepared to discuss a payment plan until the interest was taken off the loan. He said he hadn’t heard anything from L.

UKL sent Mr G a breakdown of the outstanding debt. This showed the loan amount (£500), the total interest (£1350.04) and repayments received (£205.56). The balance outstanding was £1644.48. Mr G responded to UKL and said he wasn’t paying interest. He later sent an email on 1 April 2022 offering to pay £100 per month starting on 28 April 2022.

UKL accepted Mr G’s offer of payment. However, Mr G sent a further email on 7 April 2022 stating that he wasn’t paying full interest and wasn’t willing to agree a payment plan unless the outstanding debt was reduced.

UKL replied and offered Mr G a 25% reduction of the outstanding debt if he paid in full by 29 April 2022. Mr G said he would pay in full by this date if UKL reduced the outstanding balance by 50%. UKL advised Mr G that it wasn’t able to do this and offered to reduce the debt by 25% payable over two months. Mr G replied and said he could make one payment in April and the second payment in September. UKL said it required payment over consecutive months. Mr G responded and said if UKL didn’t accept his offer he would only pay £1 per month.

UKL asked Mr G to complete an income and expenditure form and provide a bank statement in order to set up a repayment plan. Two further requests for this were made by UKL.

Mr G emailed UKL on 15 April 2022 and said he would make a payment of £50 on 1 June 2022. A payment plan was put in place for £50 per month starting on 1 June 2022 but Mr G failed to make a payment in June. A further payment plan was put in place for £50 per month from September 2022 but the September payment failed.

In June 2023 UKL accepted Mr G’s offer to pay £5 per month. It said it would review this every three months. Mr G said he didn’t want a review. No payments were received and UKL passed the debt to a debt collection agency in September 2023.

Mr G raised a complaint with UKL but it said he should address his enquiries to the debt

collection agency who were now managing the account.

Mr G remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said she didn't think it was unreasonable for UKL to have contacted Mr G when there was an outstanding balance on the account, and when previous offers of payment hadn't been adhered to. She said that based on the information she'd seen, UKL had accepted Mr G's offers of payment more than once but when payment wasn't made, it had attempted to agree alternative payment plans. The investigator said she didn't think this amounted to undue pressure.

Mr G didn't agree. He felt that the automated emails he'd received advising him that there was a new manager on his account and asking him to agree a payment plan was harassment.

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.

I can see that Mr G has been caused some distress by the circumstances which have arisen, and I understand that the debt being sold from L to UKL and then on to the debt collection agency has made matters more difficult to deal with. I also appreciate that Mr G disputes the interest element of the loan and feels that he's been harassed by UKL with automated emails.

I've had this in mind when considering Mr G's complaint. However, it's important that I explain the limitations of my role. It's not for me to decide whether Mr G has been harassed. Harassment is an offence which can only be determined by the courts. What I am able to do is look at whether UKL has acted reasonably in seeking to collect the debt.

The evidence I've seen – which I've summarised in the "what happened" section above – shows that Mr G agreed a number of payment arrangements with UKL, some of which were proposed by Mr G. I don't think Mr G would've proposed a payment arrangement for himself which he couldn't afford. And of the payment arrangements proposed by UKL, I haven't seen any evidence to suggest that UKL put pressure on Mr G to agree to these. Looking at the payment arrangements which were agreed I can't see that any of these were adhered to by Mr G. The only payment made by Mr G during the entire time that the debt was with UKL was one payment of £20 in August 2022, which wasn't part of a payment arrangement.

Ultimately, when Mr G said to UKL that all he could afford was £5 per month, UKL accepted this on the basis that the situation was reviewed every three months. Mr G refused the review. I don't think it was unreasonable for UKL to request a review at regular intervals. The purpose of a review is to check whether a customer's financial circumstances have changed.

I appreciate that Mr G has raised specific concerns about the "new manager" emails he received from UKL. I've looked at these emails. Based on what I've seen, these are automated emails which were sent because Mr G had failed to put in place or maintain a payment arrangement. I understand that Mr G feels that the emails were misleading (because his account wasn't referred to a new manager each time he received one of these emails) but I don't think it was unreasonable for UKL to send automated emails in circumstances where there was an outstanding debt with no payment plan agreed. Nor do I think that the number of automated emails can be seen as excessive. Based on what I've seen, there was a reasonable interval in between these automated emails.

Taking all of the available information into account, I haven't seen anything to suggest that UKL unreasonably refused the offers put forward by Mr G. Nor do I think the automated emails sent to Mr G were unreasonable in nature or in number. Mr G has said that he's unhappy that his credit file has been impacted. I haven't been provided with a copy of Mr G's credit file, but I appreciate that the defaulted loan will likely be having a negative impact. And any payment arrangements agreed will also be visible on Mr G's credit file. UKL (and L before it) has an obligation to report accurate information about the state of the account to the credit reference agencies.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 April 2024.

Emma Davy
Ombudsman