

## **The complaint**

Ms K complains that London Community Credit Union Limited (“LCCU”) continued to pursue her for a debt which was included in her Debt Relief Order.

## **What happened**

Ms K held a loan with LCCU. In May 2022 she applied for a Debt Relief Order (DRO). Her application was approved and her debt to LCCU was included in the schedule of creditors.

When the DRO ended, Ms K received correspondence and calls from LCCU requesting that she repay the debt.

Ms K complained to LCCU but never received a final response. She then received threats of legal action in relation to the debt, so she brought her complaint to this service.

This service asked LCCU to provide its final response, as well as its business file of information relating to the complaint. Despite several chasers, this service didn’t receive any response from LCCU.

Our investigator upheld the complaint. He said LCCU should have stopped pursuing Ms K for the debt now that the DRO had ended and said LCCU should pay compensation of £300 to Ms K and update her credit file to reflect that no further payments are required.

Ms K didn’t agree. She said she wanted compensation of £500 because LCCU had called and emailed her constantly about the debt despite her sending them the DRO multiple times.

## **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.

LCCU didn’t respond to the requests from this service for its business file. Nor has it provided a final response to Ms K’s complaint. I’ve therefore reached my decision based on the available information. DISP 3.5.14R and DISP 3.5.9R allow this service to do this.

I’ve reviewed the DRO. The DRO began on 4 May 2022. The debt to LCCU is included in the schedule of creditors. All debts included in the DRO were discharged on 4 May 2023.

By way of information, a DRO normally lasts 12 months. If the DRO is approved, the consumer stops making payments towards the debts (and interest) listed in the DRO. After 12 months, the consumer does not have to pay those debts anymore and the debt is discharged.

I can see that once Ms K’s DRO ended, LCCU contacted her and said it was resuming collections activity for the outstanding debt. It asked Ms K to negotiate a repayment plan. It also made threats of legal action. Ms K says she has sent her DRO to LCCU several times, but it continued to chase her for the debt.

Because this debt was included in Ms K's DRO, and because the DRO has now ended, this debt is discharged. So it's not fair or reasonable for LCCU to continue to pursue Ms K for the debt.

It's clear that Ms K has been caused significant distress and inconvenience because of LCCU's actions in continuing to pursue the debt. She's received threats of legal action and bailiffs. I think it's fair to ask LCCU to pay compensation to Ms K for its error, and for the distress it has caused her. I'm in agreement with the investigator that the sum of £300 is fair and reasonable.

### **Putting things right**

To put things right, LCCU must:

Stop pursuing Ms K for the debt and mark the account as discharged by the DRO

Amend Ms K's credit file to accurately reflect the status of the debt

Pay compensation of £300 to Ms K for the distress and inconvenience caused

### **My final decision**

My final decision is that I uphold the complaint. London Community Credit Union Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 18 September 2024.

Emma Davy  
**Ombudsman**