



## **The complaint**

Mr W complains that Tandem Personal Loans Ltd failed to set up his direct debit which led to arrears accruing on his account.

## **What happened**

Mr W holds a loan account with Tandem. In September 2023 he cancelled his monthly direct debit due to financial difficulties but made payments as and when he could afford to.

In January 2024 Mr W asked for his direct debit to be reinstated and provided his account details.

Several months passed and Mr W's direct debit still hadn't been set up. During this time, arrears accrued on the account.

Mr W received weekly calls from Tandem about the arrears. He asked to have the arrears added to the loan and paid at the end of the term but Tandem said it wasn't able to do that.

Mr W complained to Tandem. He said the arrears accrued as a result of Tandem's failure to reinstate his direct debit.

Tandem sent a final response to Mr W on 7 March 2024. It said there was an arrears balance on the account which needed to be paid and that a default had been applied in December 2023. Tandem said it had asked Mr W to confirm the payment date for his direct debit but he hadn't responded. It said the absence of this detail meant that the direct debit couldn't be set up. Tandem acknowledged that Mr W had been advised during a call on 15 March 2024 that his direct debit would be set up and apologised that this hadn't happened. It also acknowledged that a charge for a field agent to visit Mr W had been applied to his account when it shouldn't have been. Tandem apologised for any inconvenience caused and paid compensation of £100.

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

Following the referral of the complaint to this service, Tandem made an offer to settle the complaint. It said it had sent a letter to Mr W in May 2024 advising him that his direct debit had been set up, but that the payment hadn't been collected. Tandem acknowledged that this letter would've caused confusion and offered further compensation of £100. It also offered to remove late payment markers from April 2024 onwards.

Our investigator said the settlement offer was fair. He said that both parties should bear responsibility for what had happened, Tandem for not setting up the direct debit from April 2024 and Mr W for not taking steps to mitigate the impact of his direct debit not being taken. The investigator said the compensation offered fairly reflected the inconvenience caused to Mr W.

Mr W didn't agree. He said the offer was an insult. He was unhappy that his credit record wasn't going to be amended from January 2024. He said that Tandem was aware of his

preferred direct debit payment date because he had been paying by direct debit previously. Mr W said that he'd been informed by Tandem that his direct debit had been set up for payment on 5 June, but the first payment didn't come out until 5 August.

Because Mr W didn't agree with the investigators opinion, I've been asked to review the complaint.

### **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 know it will disappoint Mr W but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, its not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

There's no dispute that Mr W requested to reinstate his direct debit in January 2024. Prior to this, Mr W had cancelled his direct debit in September. Arrears began to accrue on the account between September and January 2024.

Following Mr W's request to reinstate his direct debit, I can see that Tandem asked him to confirm the date he wanted his direct debit to commence. Tandem says that Mr W didn't respond to this request and that it tried to contact him by phone in February 2024 to follow this up but due to an error the wrong number was dialled and the alternative number it held for Mr W wasn't tried.

Mr W hasn't commented on why he didn't respond to Tandem's request that he confirm the payment date. But he has said that he was under the impression that Tandem would set the direct debit payment date to be the same as it had been in previous years. He said it was his understanding that Tandem set the payment date and that if the date didn't suit him, he was allowed to request to change the date.

I can see that Mr W got in touch with Tandem on 7 March 2024. A further telephone conversation took place on 15 March 2024. It was during this call that Mr W confirmed a payment date and was advised that his direct debit had been set up. Unfortunately, the direct debit wasn't set up. Tandem has acknowledged responsibility for this. Mr W has since confirmed to this service that the direct debit has been set up and his payment was taken in August 2024.

Mr W's position is that Tandem are at fault for not setting up the direct debit in January 2024. He's asked for the arrears to be written off on that basis. He's also said that he thinks his credit file should be amended from January 2024.

I don't agree that Tandem is at fault for not setting up the direct debit in January 2024. Based on what I've seen, Tandem asked Mr W to confirm the payment date and he failed to confirm it. I appreciate that Mr W assumed that the payment date would be the same as before. However, if Tandem had unilaterally selected a payment date and taken payment, I don't think they would've been acting reasonably because there was a risk – in the light of Mr W's previous financial difficulties – that taking payment on a date which Mr W hadn't instructed might leave him without funds to meet priority bills or other essential expenses. So I do think it was Mr W's responsibility to confirm the payment date to Tandem and based on what I've seen, he didn't do this until March 2024.

Tandem accept that Mr W was told that his direct debit was set up in March 2024 and that it should've been taken in April 2024. Because this isn't what happened, I think it's fair to ask Tandem to amend Mr W's credit file from April 2024 onwards.

I've also thought about Mr W's assertion that Tandem should write off the arrears because they failed to set up the direct debit. I've already explained why I agree that Tandem couldn't set up the direct debit until Mr W provided his preferred payment date. And whilst I accept that Tandem should've set up the direct debit sooner than it did, I don't agree that this means they should be held responsible for the arrears accruing on the account. Ultimately, Mr W was aware that his direct debit wasn't being taken, and it was his responsibility to make sure that his account was paid on time. Mr W could've arranged to make payment by some other method until the direct debit was set up, but I can't see that he made any attempt to do so.

In conclusion, I think Tandem's offer of compensation is fair. I agree that Tandem made some errors in the administering of the account and the confusion caused by the direct debit letter, and I think the further offer of £100 compensation fairly reflects the inconvenience caused to Mr W. This means that the overall compensation paid to Mr W is £200, which I'm satisfied is fair and reasonable and in line with what this service would award.

For the reasons I've explained above, I also think it's fair to ask Tandem to amend Mr W's credit file from April 2024.

### **Putting things right**

To put things right, Tandem Personal Loans Ltd must pay further compensation of £100 to Mr W and remove any late payment markers in relation to the account from his credit file from April 2024 onwards.

### **My final decision**

My final decision is that I uphold the complaint. Tandem Personal Loans Ltd must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 October 2024.

Emma Davy  
**Ombudsman**