

The complaint

Mr H complains about Charterhouse Claims Limited (“CCL”) and the service they provided, alongside the fee they have charged, when pursuing a claim for mis-sold lending.

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, in July 2023, Mr H instructed CCL to pursue a claim against Lender A for a mis-sold payday loan. CCL submitted a claim on Mr H’s behalf, and Lender A issued a response offering to reduce Mr H’s balance by £1,580. So, CCL invoiced Mr H for their settlement fee, based on a percentage of this balance reduction. Mr H was unhappy about this, so he raised a complaint.

Mr H didn’t feel CCL’s fee was a fair one, as he didn’t think CCL had acted in his best interests by advising him to accept the offer made by lender A, without providing him a breakdown of Lender A’s calculations. So, he wanted CCL to waive their fee, cancel any other claims they had open and to compensate him for what he felt was a financial loss through Lender A’s decision.

CCL responded to the complaint and didn’t uphold it. They thought they had acted fairly when advising Mr H to accept Lender A’s offer or offering to submit the complaint to the Financial Ombudsman Service (“FOS”). As Mr H has refused this option, they thought their invoice was fair, and payable. But as a gesture of goodwill, they agreed to cancel any other claims Mr H had with them and to reduce the outstanding fee by 25%. But Mr H remained unhappy and so, he referred his complaint to us. Because of this, as the offered fee reduction was a gesture of good will, CCL redacted this offer.

Our investigator looked into the complaint and upheld it. They explained why they felt CCL acted fairly and so, the fee they invoiced for was due. And in a further response, they explained why they thought any issue with Lender A applying the balance reduction was the responsibility of Lender A, and not CCL, before explaining why our service is unable to consider any complaints Mr H had regarding a payment plan and any communication regarding this. So, they didn’t think CCL needed to do anything more.

Mr H didn’t agree providing several comments explaining why. These included, and not limited to, Mr H’s continued belief that CCL had acted unfairly and not in his best interests, which had created distress and inconvenience that he felt he should be compensated for. As Mr H didn’t agree, the complaint has been passed to me for a 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’m not upholding the complaint for broadly the same reasons as the investigator. 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.

First, I want to recognise the impact this complaint has had on Mr H. I appreciate Mr H instructed CCL to pursue a claim against Lender A on his behalf in the hope that this would improve his financial situation. So, when Mr H discovered his claim ultimately led to him needing to pay CCL a fee out of his own money, that I don't dispute he found difficult to afford, I can understand why he'd look at the service CCL provided and feel it fell below his expectations. And because of this, I can understand why he would look to complain.

But for me to say CCL should do something differently, for example waive the fee they are invoicing Mr H for, I first need to be satisfied CCL have done something wrong. So, I'd need to be satisfied CCL failed to act within the terms and conditions of the agreement Mr H entered into when progressing the claim, and then invoicing for their fee. Or, if I think they did act within these, I'd need to be satisfied CCL acted unfairly in some other way. In this situation, I don't think that's the case and I'll explain why.

But before I do, I think it would be useful for me to explain what I've been able to consider, and how. I note it appears there was a delay in Lender A applying the balance reduction to the outstanding loan in Mr H's name. As this loan was provided by Lender A, and it was Lender A offering a gesture of good will to reduce the balance by over £1,500, it would be Lender A that are ultimately responsible for ensuring this reduction was applied correctly, in a timely manner. So, I haven't considered these delays, and the impact they caused to Mr H, within this decision as they weren't within the control of CCL. But for completeness, I want to make it clear I've seen evidence that CCL did look to confirm whether this reduction had been applied with Lender A, and I can see Lender A confirmed on more than one occasion that this had been completed.

I also note that Mr H has raised concerns about the communication CCL provided to him when they were attempting to agree an affordable repayment plan. But any concerns about the setting up or creation of a repayment plan, including the information supplied during this process, fall outside of our service's jurisdiction to consider, as this activity is unregulated as determined by the rules and guidelines put in place by the industry regulator. So, I haven't been able to consider this within my decision.

Instead, I've focused on what I can consider, which centres around the work CCL completed to obtain the balance reduction for Mr H, and the fee they invoiced Mr H for following this.

I've seen the Letter of Authority Mr H signed on 14 July 2023, instructing CCL to act on his behalf. This document explains that Mr H *"should only sign this document if you have read and agree to the Letter of Authority...Terms and Conditions and the Company's Privacy Policy"*. So, I'm satisfied by signing this document, Mr H agreed to be bound by CCL's terms and conditions.

I've carefully read through these terms and conditions. And they explain that CCL will submit a claim to a lender on Mr H's behalf. And that *"If your claim is successful and you receive a reasonable offer of compensation, we will charge you our Success Fee"*.

It's not in dispute that CCL submitted the claim to Lender A on Mr H's behalf, that ultimately led to Lender A's offer. So, I think it's reasonable for me to assume the work CCL completed led to the balance reduction Mr H has ultimately received, which while not a cash in hand payment, is still a financial benefit to Mr H as it means he has less to pay towards the outstanding loan.

So, I think CCL were able to invoice Mr H for their fee. And I'm satisfied the fee was invoiced in line with the terms and conditions Mr H agreed to, as it explains clearly that *"If the total*

offer is less than your outstanding balance, the refund offered would be used to reduce your outstanding balance. Where this happens, you may need to find an alternative method to pay our invoice” before going on to provide a working example.

So, I'm satisfied CCL acted within the terms and conditions of the agreement when issuing Mr H with an invoice. And I want to make it clear to Mr H that the agreement he entered into was a “no win no fee” agreement, meaning CCL's fee would be based on the financial benefit he received, not on the amount of work they completed. So, even if Mr H felt CCL could have, or should have, done more or that the level of work they completed doesn't warrant their fee, this doesn't impact my decision that the fee was charged in line with the agreement he entered into.

But as I've explained above, I must also be satisfied CCL acted fairly and reasonably. And I note Mr H doesn't think they have, as he doesn't think they acted in his best interests by recommending he accepted the offer put forward by Lender A. So, I've considered this to decide whether I agree. And unfortunately for Mr H, I don't on this occasion.

In this situation, Lender A didn't agree that the loan had been mis-sold. Instead, Lender A's offer was a gesture of goodwill to recognise any distress and inconvenience Mr H may have encountered. And within Lender A's decision letter, they explain that their decision had been made within the Financial Conduct Authority (“FCA”) and FOS guidelines.

So, I wouldn't expect Lender A to provide CCL, or Mr H, with any calculations on how the offer was generated, as it wasn't linked to the finances of the loan he took out. And even if I was to find differently here, Lender A's decision makes it clear it was made within FCA and FOS guidelines. I've seen nothing in this letter that should've suggested to CCL that this wasn't the case and so, I think CCL were fair to accept this as fact and proceed to invoice their fee, on the basis the offer made to Mr H was a fair one.

I've also seen that when Mr H did challenge this with CCL, that CCL did return to Lender A and make them aware Mr H felt the offer was too low. And I've seen an email from Lender A which confirmed, upon review, that they felt their original offer was actually too high but they chose not to reduce it. So, I do think CCL acted in Mr H's best interests as they referred his challenge onto Lender A.

And following this, I can see CCL offered Mr H the chance to escalate his complaint about Lender A, and the loan, to the FOS. But Mr H refused to take up this option, instead asking that CCL cancel any further open claims he held with them. This was Mr H's own decision to make and I'm satisfied CCL ensured Mr H was made reasonably aware of the options available to him.

So, as Mr H refused to take his claim further, I think CCL have acted fairly and reasonably when proceeding to continue with the collection of their fee. And while I can't comment on the service they provided when trying to arrange a repayment plan, I would expect CCL to show forbearance considering Mr H didn't receive a cash in hand settlement. I'm satisfied by engaging with Mr H to consider a repayment plan, they did this. So, I'm satisfied CCL acted fairly and reasonably and because of this, I don't think they need to do anything more.

My final decision

For the reasons outlined above, I don't uphold Mr H's complaint about Charterhouse Claims Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 November 2024.

Josh Haskey
Ombudsman