

The complaint

Mr P complains Moorcroft Debt Recovery Limited haven't treated him fairly when he was trying to settle his outstanding debt they were asking him to pay.

What happened

Mr P had a loan with a bank I'll refer to as T. The loan had fallen into arrears, and the total outstanding was £17,267.98. T retained ownership of the loan but asked Moorcroft to try and recover as much of the debt as possible. The debt was passed over to Moorcroft in August 2021, and Mr P had a £1 per month payment arrangement with them.

After Mr P sold his property, he was in a position to settle the debt. Mr P complains it took Moorcroft too long to communicate with him after making offers. Mr P was also unhappy after agreeing directly with T to pay £10,345.78, that Moorcroft wrote to him saying T would accept an offer of £5,000 to settle the loan. Mr P wants the difference refunded, plus compensation for the stress and anxiety he experienced during this process. He's also unhappy Moorcroft kept taking the £1 a month payment.

Moorcroft said as an appointed agent it's for them to take the instructions of their client (in Mr P's case – T). So, although T wanted the full balance, they were prepared to consider partial settlements. But, whenever Mr P made partial settlement offers, these were passed on to T for them to review, and then communicate back whether they were accepted or not.

Moorcroft said they'd correctly referred all offers of partial settlements to T and had to wait for their response – in respect of the £1 they say Mr P asked to continue making this payment. In respect of the £5,000 partial settlement, Moorcroft say they'd put this to T on 28 November 2023, and on 8 December 2023 received notification which said a settlement had been accepted – but no figure was mentioned. So, Moorcroft thought this meant Mr P's £5,000 offer had been accepted. As a result, although they couldn't call Mr P because he'd asked for Breathing Space, they wrote to him saying his offer had been accepted. Moorcroft said it's since been brought to their attention Mr P had been in touch with T directly, and agreed an offer of £10,345.78 rather than £5,000 to settle the account. Overall, Moorcroft thought they'd handled things fairly.

Unhappy with this, Mr P asked us to look into things.

One of our Investigators did so. He found T had emailed Moorcroft to tell them about the settlement of £10,345.78 – but they'd apparently missed it. He provided a copy of this email to Moorcroft and, after reviewing it, they accepted they'd made an error. Our Investigator had recommended a payment of £250 for compensation – but didn't think Moorcroft should make up the difference in payments – Moorcroft now accepted this outcome.

Mr P didn't. In a phone conversation with our Investigator, he said Moorcroft should honour things because they'd put the offer in writing. Mr P talked about this impacting his mental health and causing him to take time off work.

Mr P also talked about the delays and how these made him feel, which our Investigator felt related to T's actions. Ultimately as Mr P didn't agree, the complaint's been passed to me to decide.

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've looked at the contact between Mr P and Moorcroft – and Moorcroft with T. From when Mr P first raised his query, until 1 December 2023, I think Moorcroft handled things correctly. I can see they put forward Mr P's offer and chased it when no reply had been received. I'm also satisfied they updated Mr P promptly of T's responses when they were received.

But I think things went awry from 1 December 2023. Moorcroft have now accepted they did receive a notification from T to tell them the settlement amount was £10,345.78 for this account.

As a result, Moorcroft did then make an error in their letter dated 8 December 2023 when they said T had accepted the settlement offer of £5,000 – as actually Mr P had essentially agreed the correct amount with T himself directly.

I realise Mr P will be very disappointed with this, but our service doesn't look to make incorrect information true. So, although Moorcroft have said to Mr P that T accepted the amount of £5,000 in settlement of this account that is clearly an error – and it means I won't tell Moorcroft to refund the difference in the settlement Mr P did pay of £10,345.78, and the amount of £5,000.

I have listened to Mr P's call where he said in his view because the information was in writing then it should stand. I do completely understand this argument – as in general you wouldn't expect companies to make errors. But, mistakes can and do happen, and overall it wouldn't be fair to expect a business to refund several thousand pounds for a clerical error. Instead, we need to look at the impact that clerical error had on the party receiving it.

With that in mind I do accept the communication from Moorcroft will have left Mr P feeling like he'd now paid significantly more to settle his loan than he needed to. I can see money was tight for him, and he had to borrow additional funds to get this loan cleared. He's also talked about how this matter made him feel, that it impacted his mental health, and that he had to take time off work to deal with the stress of these issues. So, I genuinely don't underestimate the impact on him.

I can also understand why he'd have been upset to be told by Moorcroft around £6,000 or £7,000 was still outstanding after the payment of £10,345.78 had been made – this was another error as a consequence of Moorcroft not dealing with the 1 December 2023 email from T correctly. And I understand a further £1 payment was taken from his account after the loan was settled – undoubtedly this will have been frustrating, so I'll factor this in too.

But I also can't ignore that Mr P would have known how much he'd settled the loan for – and that he hadn't told Moorcroft he'd agreed a figure with T. So, although I've no doubt he really wanted it to be true that T would have accepted less than he'd paid, he'd had a direct conversation with T about what they would accept. Against that context I think the impact is somewhat mitigated.

I am sorry to hear of the impact all of this had on Mr P, he has my sympathies for the difficulties he's experienced. But taking everything into account, I do think £250 compensation is a fair way to put this right. I can hear in the call Mr P doesn't agree, but I hope my explanation goes some way to helping him understand why I've reached the outcome I have.

My final decision

I partially uphold this complaint and require Moorcroft Debt Recovery Limited to pay Mr P £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 3 January 2025.

Jon Pearce
Ombudsman