

The complaint

Mr K complains that Allegiant Finance Services Limited didn't agree a payment plan so he could pay its fee in instalments. He is also unhappy with the amount Allegiant invoiced him for.

What happened

Mr K instructed Allegiant to represent him in a claim against a lender for unaffordable lending. In mid-2024 the Financial Ombudsman Service upheld Mr K's complaint against the lender. Mr K subsequently received redress of around £12,000.

Allegiant sent Mr K an invoice for its fee of £3,574 followed by several reminders. Mr K told Allegiant he was in financial difficulty and offered to pay the amount owed over 24 months. Allegiant asked Mr K to provide further information before it would consider a payment plan. It also told him that it was limited in the length of the plan it could offer him and it would need to pass his file to a debt collection agency if he needed a longer payment plan.

Mr K raised a complaint. He was unhappy that Allegiant hadn't agreed to a payment plan. He also raised concerns about the amount of the fee. He said he had done most of the work on the claim himself and he didn't deem the work Allegiant had completed to be fair value.

Allegiant said Mr K hadn't provided the evidence required to arrange a payment plan with it or an external collections agency. It said it had provided Mr K with clear information about its fees and terms and conditions before he'd signed a legally binding contract confirming he agreed to its terms of service. It said its work had resulted in a successful outcome for Mr K and it was difficult to justify a deduction of its contractual invoice.

Mr K remained unhappy and asked the Claims Management Ombudsman to consider his concerns.

Our investigator didn't think Mr K's complaint should be upheld. He was satisfied Allegiant was entitled to charge the full fee in line with its terms. He said that we had no power to order a claims management company to offer or agree a payment plan. But he was pleased to see that Allegiant had taken Mr K's financial difficulties and vulnerability into account and had offered to work with him to find a solution.

Mr K disagreed with our investigator's outcome. He didn't think our investigator had taken the principles of the Consumer Duty and treating customers fairly into account. He said Allegiant hadn't offered him an arrangement. It had threatened legal action in a hostile and aggressive manner which had impacted his mental health conditions. He also commented that claims management companies trap individuals in agreements with little or no work in breach of the contract. He said he shouldn't be trapped by mis-selling through aggressive marketing. So, the complaint has 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.

Having done so, I've decided not to uphold Mr K's complaint. I'll explain why.

I've seen a copy of the terms of engagement Mr K agreed to when he instructed Allegiant to represent him in January 2023. There is a section with the heading "*the success fee*" which says:

"Our fees are owed upon a successful claim and will depend on the amount of redress you receive in cash in hand compensation. This means we charge on what you actually receive, not debt or tax deductions. If income tax is deducted from 8% statutory interest received and sent to HRMC [sic], we do not charge you on this deduction..."

There is a table which sets out the percentage of the redress charged (with VAT) along with maximum charges with and without VAT for each redress band. There are also examples to show how the fee is calculated.

So, I'm satisfied that Allegiant gave Mr K clear information about the fee it would charge him in the event of a successful claim.

Above Mr K's signature, the terms of engagement say:

"I, (Mr K) am aware that I do not need to use Claims Management Services to make my complaint, and can make the claim to the relevant firm myself and if the complaint is not successful, I can refer it to the Financial Ombudsman Service myself for free. I wish to use the services of Allegiant Finance Services Ltd to make a claim on my behalf."

So, I'm also satisfied Allegiant made it clear that Mr K could have made his claim for unaffordable lending directly to the lender.

Mr K says he did most of the work on the claim himself and he doesn't believe the fee Allegiant charged was fair value. I understand the Financial Ombudsman Service contacted Mr K directly to discuss his complaint against the lender. But this wouldn't mean that Allegiant's fee isn't due. I appreciate Mr K feels the fee it's charged him doesn't justify the amount of work Allegiant did. But Allegiant agreed to represent Mr K on a 'no win, no fee' basis, so its fee didn't need to reflect the amount of work or time it spent on Mr K's case. And I think it made Mr K aware of this before he agreed to use its services.

I understand Mr K feels Allegiant should offer him a payment plan as he is in financial difficulty. He's also made Allegiant aware that he is suffering from poor mental health.

The Claims Management Ombudsman doesn't have the power to direct a CMC to agree a payment plan. However, I have considered Allegiant's obligations as set out in the Financial Conduct Authority's handbook. Most relevant are Principle 6 which requires firms to treat customers fairly and Principle 12 (the Consumer Duty Principle) which requires firms to act to deliver good outcomes for retail customers.

I think the relevant outcome under Consumer Duty is consumer support. So, I've thought about whether Allegiant has taken adequate steps to support Mr K given what he's said about his financial situation and mental health issues. I can see that Allegiant has shown a willingness to put a payment plan in place. I think this is a reasonable and supportive measure given that Mr K's specific concern is a potential inability to pay the whole fee as a lump sum.

I can see that Allegiant has asked Mr K for evidence to show that he had used the full amount of compensation he'd received from the lender on priority bills. But Mr K doesn't

appear to have provided the information Allegiant has asked for. I don't think it's unreasonable for Allegiant to require this information before agreeing to a payment plan. I think this would give it a better understanding of Mr K's circumstances and what a reasonable payment plan should look like.

Mr K has commented that Allegiant pursued him for its fee in a hostile and aggressive manner which impacted his mental health conditions. I don't doubt that this has been a stressful situation for Mr K. But having read the emails between him and Allegiant I'm not persuaded that it's acted inappropriately. I can see that it temporarily paused its collections activity to give Mr K the opportunity to provide the information it had asked for in order to consider a payment plan. I don't think it was unreasonable for Allegiant to advise Mr K that his file would be reviewed for legal action when this information wasn't forthcoming after several requests.

While I empathise with Mr K, I'm not persuaded that Allegiant has treated him unfairly or failed to do what is required of it under Consumer Duty.

I know my answer will be disappointing for Mr K. But overall, I think Allegiant has acted fairly and reasonably.

My final decision

For the reasons I've explained, I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 February 2025.

Anne Muscroft
Ombudsman