

## **The complaint**

Miss B complains Quidie Limited trading as Fernovo didn't treat her fairly when she fell into financial difficulty on her high-cost short-term instalment loan.

## **What happened**

Miss B took out a high-cost short-term instalment loan with Fernovo in August 2023. The total repayable amount was £410.83, and the loan required four payments of approximately £102, with the last payment being in November 2023.

In November 2023, Miss B contacted Fernovo to request a payment holiday as she had been made redundant in October 2023. She also requested a refund of her October 2023 payment. In response, Fernovo agreed to place the account on hold for 30 days and refunded the October payment of £102.74 to Miss B.

Miss B confirmed she could make her final two payments on 22 December 2023 and 22 January 2024. She made the payment in December 2023, but contacted Fernovo to say she couldn't make her January 2024 payment. At this point, Fernovo said it couldn't place the account on a further hold and requested a token minimum payment of 10% of her outstanding balance. It also requested further information from Miss B about her financial situation. Unhappy with its communication, Miss B raised a complaint.

Fernovo explained its policy only allows a maximum of two 30 day holds on an account, and it required supporting documentation regarding Miss B's circumstances so it could review matters further. Following receipt of the further information from Miss B on 14 February 2024, Fernovo placed the account on hold for six months to give her time to recover.

Miss B felt Fernovo's responses were unsympathetic and demanding, so referred the complaint to our service.

Following contact with our service, Fernovo explained the outstanding balance as of July 2024 was £187.09. But it was willing to remove the late payment interest on the account totalling £89.17 so Miss B wouldn't be required to pay any more than the total repayable figure of the credit agreement she'd entered into (£410.83). Fernovo also agreed to remove this account, along with another one Miss B had with it, from her credit file once this account was repaid.

Our Investigator didn't think Fernovo needed to do anything further. They felt Fernovo's communication could have been better at times, but this was generally resolved quickly. They also said they didn't think Fernovo acted unfairly when it requested further information about Miss B's financial situation.

Miss B disagreed with the outcome and didn't accept the offer made by Fernovo. She said, in summary, Fernovo's communication has been appalling, and she has been treated in an ignorant manner.

As Miss B remained unhappy with the outcome, the case was passed to me to make a decision.

I issued a provisional decision on 31 July 2025 as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Our service wrote to Fernovo about addressing events beyond its final response in February 2024, and it didn't raise any objections with this. Therefore, I'm considering events up until May 2025 when we asked for consent to consider the complaint.

I understand Miss B feels very strongly about this complaint. I'm very sorry to hear about the difficult situation she's in and the impact on her health. I've carefully considered everything she's said, if I don't directly reference something in my decision it is not because I've not given this consideration. But I've focused on what I consider to be the crux of the complaint.

*Did Fernovo treat Miss B fairly when she told it about her financial difficulties*

When a customer agrees to a loan, they are generally liable for the loan they agreed to. Miss B has asked Fernovo to write off her balance, but this isn't something it is obliged to do, nor do I think it's appropriate in Miss B's specific circumstances to ask it to. But we do expect lenders to exercise forbearance and treat customers in financial difficulty positively and sympathetically.

In this case, Fernovo has offered to remove the late payment interest and return Miss B's account back to the original balance due. This means it would be as though the loan had been repaid in November 2023 as expected, minus any payments Miss B had already made. Fernovo has also agreed to remove two accounts from Miss B's credit file once this loan has been repaid. So, from what I've seen, I think this is a fair offer.

I've reviewed the contact history, it shows that when Miss B informed Fernovo of her circumstances in November 2023, it agreed to a 30 day hold which stopped the interest and any collections activity on the account. Fernovo also refunded Miss B's October 2023 payment when she requested this, in an effort to assist her.

It seems there was some confusion following this, as Fernovo wrote to Miss B about the next payment being on 30 November 2023. But this seems to have been quickly resolved when Miss B explained she had a hold agreed, and confirmed she wanted to make her payments on 22 December 2023 and 22 January 2024.

I've seen that Miss B made her December 2023 manually. But as the payment Fernovo attempted didn't go through, a late fee was applied to the account. Again, this was quickly resolved and the late fee removed when Fernovo received Miss B's manual payment.

In January 2024, Miss B informed Fernovo she couldn't make her payment that month as she was still out of work. It told Miss B it couldn't put the account on another hold as she'd already had two hold periods of 30 days,

and requested a token payment of 10% of the outstanding balance to stop any collections activity. It also asked Miss B to contact it via telephone so it could reach an affordable solution for the outstanding balance.

Fernovo has said it only allows a maximum of two 30 day holds and Miss B's account was placed on hold on 12 November 2023 and then placed on hold again on 24 November 2023. But I don't think Miss B had two 30 day holds as it suggests. Miss B's first hold hadn't expired by 24 November 2023, so it seems the confusion may have been caused by the refund of her October 2023 payment.

I can understand it would have been upsetting for Miss B to be told her account couldn't be placed on a further hold and that she would need to make the token payment. Whilst I think Fernovo could have handled things better here, I can see it allowed Miss B to miss her October 2023 payment (by refunding it as requested) followed by the November 2023 payment. So, I don't think it was unreasonable for it to ask for a token payment, or for her to contact it to reach an affordable repayment solution.

Fernovo also asked Miss B for further information about her circumstances, including evidence of her situation, bank statements and an income and expenditure form. Miss B shared evidence about her circumstances on 14 February 2024, and told Fernovo she had managed to secure employment and "will be in a position to make payment towards bringing this account back on track from the end of March". Based on this, Fernovo placed the account on hold for a period of six months to help Miss B recover.

I note Miss B is unhappy with the communication she received and feels Fernovo was unsympathetic and that its responses were demanding. I can see it sent a few emails requesting further evidence from her, a couple which were duplicates. Whilst I acknowledge Miss B's concerns about this as she explained her circumstances to Fernovo, I don't think it acted unreasonably in asking for evidence of her situation. It's important for a business to understand a customer's circumstances so it can better support them and find a reasonable and affordable solution. Once Miss B provided the information it needed, Fernovo agreed to place the account on hold for a further six months.

I've seen that Miss B wrote to Fernovo in August 2024 after the six-month hold ended, explaining she wouldn't be able to set up a payment plan as she was still out of work. And Fernovo agreed to await a decision from this service. The contact history also shows that Fernovo hasn't started any collections activity since the six-month hold ended in August 2024, although it only received a payment of £1 between August 2024 and April 2025.

Therefore, given the above, I'm satisfied Fernovo has treated Miss B positively and sympathetically here.

### *Outstanding balance*

Miss B has also raised concerns about the outstanding balance quoted by Fernovo, she says she was told over a year ago the outstanding balance was approximately £102. The email Fernovo sent to Miss B on 14 February 2024 said the outstanding balance was £130.16. And having reviewed the

account statement, I can see daily interest was applied to the account which brought the balance to the figure quoted by Fernovo.

When the account was placed on the 30 day hold in November 2023, Fernovo agreed it wouldn't charge further interest, and the account statement shows it wasn't applied at this time. However, I can see Fernovo applied interest between 14 February 2024 and 20 April 2024 when it told Miss B the interest had been frozen for six months. So, I think it has made an error in applying interest during this period.

But I don't think this means Fernovo needs to do more than it has offered, this is because it has agreed to put the account back to the amount Miss B would have owed had the account been paid off in November 2023, so any interest that has been incorrectly added would be removed from the account. Fernovo has said it would remove interest totalling £89.17 from Miss B's account. This brings the outstanding balance to £96.92 as of April 2025. I'm satisfied this is what Miss B would have owed had she paid off the loan in November 2023 in line with her credit agreement.

It's also worth noting that by offering to remove the late payment interest, Fernovo is also removing interest that was applied correctly when Miss B's account wasn't on hold. Therefore, I don't think it needs to do anything further.

### *Summary*

Fernovo should treat customers in financial difficulty positively and sympathetically. But ultimately, it is Fernovo's commercial decision as to whether it writes off Miss B's debt, and it's not something I would interfere with in the circumstances of this complaint.

From what I've seen, I don't think Fernovo acted unfairly or unreasonably in asking Miss B for more information about her circumstances so it could better support her. Although I acknowledge there were some administration errors, I think Fernovo's offer is fair in the circumstances of this case. So, whilst I appreciate Miss B will be disappointed with the decision I have reached as she feels strongly about this complaint, I'm not persuaded Fernovo needs to do more than it has offered.

But, I remind Fernovo that it should treat Miss B with forbearance when looking to reach a solution for the balance owed on the account. I would also suggest that Miss B engages with Fernovo, sharing details of her current financial circumstances so it can support her appropriately.

I understand Miss B believes her accounts should have already been removed from her credit file as Fernovo stated it would do this. As I understand it, Fernovo has said it would do this once this account was repaid. So, if Miss B decides to accept this decision, Fernovo should remove the information for the two accounts from her credit file if Miss B settles the outstanding balance within one month of acceptance of this decision. If she chooses not to accept, Fernovo should have regard to ICO guidance on reporting information to credit files and ensure it treats Miss B fairly in doing so. If Miss B is unhappy about any amendments made, she can raise a new complaint.

I invited Miss B and Fernovo to give me any more evidence and information they wanted me to consider before issuing my final decision.

Fernovo didn't respond to say whether or not it accepted the provisional decision. Miss B responded. In summary she said:

- The decision says Fernovo could have handled things better, but no resolution was provided.
- The decision states interest was applied incorrectly but no resolution was provided.
- She would like a breakdown of the balance owed.
- She has endured trauma over the last couple of years due to her circumstances and is currently still out of work.
- She feels the credit file only being amended if the loan is repaid within one month shows no forbearance over her situation.
- She doesn't believe all of her communication has been considered.

### **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 reached the same conclusions as I did in my provisional decision, for the same reasons.

Miss B has said she doesn't think I've considered all of her communications when reaching my decision. Whilst I may not reference all of the information we have on file or every point raised, I can assure Miss B I have very carefully considered everything she has provided, as well as all of the information provided by Fernovo. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service.

Miss B also says I haven't provided a resolution for the administration errors. Whilst I appreciate she would like me to direct Fernovo to do more here and understand her strength of feeling on the matter, I must consider the impact of its actions. And in this case, I don't think it needs to do more than it has offered. I say this because, from what I've seen, Fernovo swiftly rectified things when it contacted Miss B about her payment in November 2023, allowed her to miss two payments and placed her account on hold for six months. It has also offered to remove the late payment interest from her account, some of which is legitimately owed by Miss B and it isn't required to remove. Although I accept some of the late payment interest shouldn't have been added to Miss B's account, in offering to remove the late payment interest Fernovo will rectify the mistake it made. Therefore, I'm satisfied it doesn't need to do more than it has offered.

I note Miss B has asked for a breakdown of the amount owed. Fernovo has agreed to remove the late payment interest it applied (£89.17) when Miss B didn't pay off her loan in November 2023 as set out in her credit agreement. So, Miss B wouldn't be paying more than she agreed to when she took out the loan. The credit agreement she entered into states the total amount payable is £410.83 (this includes the amount borrowed of £250 and the total charge for credit of £160.83), and the account statement shows Miss B has paid a total of £313.91 as of April 2025. This should bring her outstanding balance, once any late payment interest is removed, to £96.92 as of April 2025 instead of £186.09. The account statement we've been given shows the late payment interest Fernovo has agreed to remove, so it wouldn't be an accurate picture of what Miss B owes following any adjustment. If she would

like a copy of the account statement following acceptance of the decision and the removal of interest, Miss B can contact Fernovo for this.

I can see Miss B has also raised concerns regarding my direction for Fernovo to remove her accounts from her credit file if the loan is repaid within one month. A lender needs to ensure the information reported to credit reference agencies is a true and accurate reflection of how the account was managed, but it isn't required to remove accounts from a customer's credit file. I do recognise Miss B is in serious financial difficulty and this isn't a priority debt. I would suggest that she contacts Fernovo to discuss her circumstances. It may choose to remove the accounts even if Miss B doesn't repay the loan within one month, but I have to be fair to both parties and I don't think that would be reasonable for me to ask Fernovo to do.

As I've mentioned in my provisional decision, Fernovo should treat Miss B with forbearance when looking to reach a solution for the balance owed on the account. If she chooses not to accept the decision, Fernovo should also have regard to ICO guidance on reporting information to credit files and ensure it treats Miss B fairly in doing so. If Miss B is unhappy about any amendments made, she can raise a new complaint.

I am very sorry to hear about Miss B's personal circumstances, I appreciate it has been a very difficult time for her and her family. But the loan is legitimately owed to Fernovo, and it isn't obliged to write off the outstanding balance, even if Miss B is in financial difficulty. I know my decision will be disappointing for Miss B, but from the evidence available, I do think Fernovo has treated her positively and sympathetically. And the offer is fair and reasonable in all the circumstances of this complaint.

### **My final decision**

Quidie Limited trading as Fernovo has already made an offer to reduce the balance by £89.17 and to remove two accounts from Miss B's credit file once this account has been repaid. I think this offer is fair in all the circumstances.

So, my decision is that Quidie Limited trading as Fernovo must reduce the balance, and also remove Miss B's accounts from her credit file if the outstanding balance is settled within one month of acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 8 October 2025.

Tania Henry  
**Ombudsman**