

The complaint

Mr P complains NCO Europe Limited told him he could incur a late payment fee despite him paying his debt on time.

What happened

Following a separate issue, Mr P received an email dated 25 September 2024. He said this email threatened him with late payment fees – even if he made payments on time. Mr P had seemingly made the payment to a previous company who owned his account – I'll refer to them as W.

The email said:

In the meantime we would like to advise you that the payment due date on the account is 26th of each month and if payments are made after this, late payment fees will be applicable. When making payments direct to w..., there is a risk that the payment will be delayed when transferring to our system that could then cause a late payment, should it be sent to on or close to the due date.

Mr P replied to NCO's email to say:

Also, it is clearly not my fault that you closed w...down and will continue to make payments as before to w... . Time taken outside of this for payments to be referred to you is your issue and not mine, and pretty sure threatening me via email that I could incur late fees for paying on time is illegal. Therefore, I would like to raise a complaint about this language directed at me that has threatened me with a late fee if I pay on my payment due date. It is neither proportionate or applicable to state I will incur a late fee by paying on time, and note the FCA Principles state "A Firm must pay due regard to the interests of its customers and treat them fairly.". So I would like to raise a complaint and have it explained to me why it would be fair to issue a late fee when paying on a due date?

NCO said sorry for any distress caused, as they didn't mean to imply Mr P could have a late payment applied which wouldn't be removed if he'd made payment on time – they were simply trying to let him know he could payment direct to them instead of W.

Unhappy with this, Mr P asked us to look into things. One of our Investigators did so, and thought NCO hadn't treated Mr P unfairly.

Mr P didn't accept this. He said the email caused him distress and upset – at its core he felt our Investigator didn't accept the message he received said late fees could be applied even if payment was made on time. So, 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 think it's fair to say the email does explicitly say even if a payment is made on time, then a late payment fee could be incurred. So, I accept that part of Mr P's complaint.

But, in context, I think what NCO said was fine. The reason I say that is because it's clear at this point NCO is managing the account on behalf of W. It's very common in this kind of situation for the new company to ask for payments to be made direct to them.

I think if you consider the full context of this email NCO are saying in order to ensure payments are received on time and without causing any issues, it's best for those payments to be made direct to NCO – rather than W. I can see Mr P received an email which tells him how he can pay NCO for his debt.

I've noted Mr P has referred to the FCA's principles about treating customers fairly – and I think this email, with NCO's explanation about possible delays by paying W directly – is treating Mr P fairly. If NCO didn't explain this, and it did lead to further problems, it's possible that'd be an example of NCO not treating their customers fairly.

I am sorry to hear of the distress this email caused to Mr P, but I'm satisfied NCO apologised and explained what they meant in reply. In the circumstances, I think that's a fair resolution.

Finally, I've noted Mr P's comments about this potentially being illegal – but that isn't something I can decide. If Mr P wants a judgment that NCO have broken the law, he may wish to seek legal advice.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 April 2025.

Jon Pearce
Ombudsman