

## **The complaint**

Miss W complains that Salary Finance Loans Limited failed to collect her final payment under a loan in November 2021 but failed to contact her about this for three years. Miss W feels that due to the length of time that has elapsed the balance should be written off.

## **What happened**

In December 2018 Miss W took out a loan with Salary Finance for £9700.00. The loan was repayable over a term of 36 months, with payments deducted directly from Miss W's salary. The loan ended in December 2021.

In December 2024 Miss W received a statement from Salary Finance showing that she had an outstanding balance of £221.07. Miss W contacted Salary Finance to query this and was advised that due to an error her final payment hadn't been drawn. Miss W said she thought it was unreasonable to expect her to pay the outstanding balance three years after the loan agreement ended and asked for it to be written off. A complaint was raised.

Salary Finance acknowledged that it had made an error but said the outstanding balance needed to be paid. It said it didn't agree to write off the balance. It said it had sent a statement in December 2023 as well but acknowledged that it should have sent more correspondence chasing up the payment. Salary Finance said it had removed any accrued interest and offered compensation of £50.

Miss W remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. She said she wasn't asking Salary Finance to write off the balance, and explained why, but said Salary Finance should increase their offer of compensation to £100. She also said that Salary Finance should make sure there was no negative information on Miss W's credit file.

Miss W didn't agree so I've been asked to review the complaint.

## **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 understand that it will disappoint Miss W, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the loan agreement and the history of the account. Miss W took out the loan on 18 December 2018 and agreed to repay it over a term of 36 months. I can see that Miss W made payments each month until the end of the term.

The history of the account shows that Salary Finance failed to calculate the last payment correctly. This means that a balance of £221.07 remained outstanding.

Salary Finance has acknowledged that it made an error when it calculated the final payment. It has also acknowledged that it should've communicated with Miss W about the outstanding balance sooner than it did.

I appreciate that the statement must've come as something of a shock to Miss W when she received it in December 2024. I understand why Miss W feels that she shouldn't have to pay the outstanding balance now, as three years has passed since the loan should've been closed.

That said, the passage of time hasn't extinguished the outstanding balance. It's fair to say that when Miss W took out the loan, she entered into an agreement to repay the entire loan. As things stand, the loan hasn't been fully repaid. In the circumstances, I don't think it's reasonable to require Salary Finance to write off the loan balance.

I recognise that Miss W has been caused some distress and inconvenience as a result of Salary Finance's error and I've thought about whether the compensation offered adequately reflects that. On balance, I don't think it does. This service would expect to see this level of compensation where there has been a single minor administrative error. The error made by Salary Finance here is more than minor and the impact on Miss W is greater because for three years she's proceeded on the basis that the loan was repaid and closed.

In the circumstances, I agree with the investigator that the compensation should be increased to £100.

It isn't clear from the information provided whether Salary Finance has reported the outstanding balance on Miss W's credit file. If there is any negative information on Miss W's credit file relating to this loan, it should be removed. Once Miss W has paid the outstanding balance, the loan should be marked as closed as of December 2021.

### **Putting things right**

To put things right, Salary Finance Loans Limited must pay total compensation of £100 and make any necessary amendments to Miss W's credit file.

### **My final decision**

My final decision is that I uphold the complaint. Salary Finance Loans Limited must take the steps I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 11 April 2025.

Emma Davy  
**Ombudsman**