

The complaint

Mr R complains that Salary Finance Loans Limited failed to write off his outstanding debt, following completion of a Debt Relief Order (DRO).

What happened

Mr R held a personal loan with Salary Finance. Following a period of financial difficulty, in February 2024, Mr R entered into a DRO.

A DRO allows a customer to have a 12-month break from dealing with their creditors, during which time, interest and fees are frozen, and creditors, generally speaking, will not contact customers, or chase them for outstanding monies owed. If, at the end of the 12-month period, the customer's financial position has not improved, then there is an agreement that the outstanding debts within the DRO will be written off.

Mr R's DRO was put in place in February 2024, and his debt with Salary Finance was included as part of the scheme. The DRO completed in February 2025, however, at the end of May 2025, Mr R realised that Salary Finance were still reporting an outstanding balance owing with Credit Reference Agencies (CRAs). Unhappy with this, he complained. He said this caused him financial detriment, and his credit score did not improve as quickly as it should have, had Salary Finance written off his debt back in February.

Salary Finance responded. They said they had set a review date on Mr R's account for February 2025 to arrange the account closure. But, due to an internal oversight, this wasn't actioned. They apologised to Mr R and said they would update their records and ensure the write-off was backdated to February 2025.

Unhappy with Salary Finance's response, Mr R brought his complaint to our service to consider.

An investigator considered Mr R's complaint but didn't recommend it be upheld. He said that he agreed that errors had been made on Salary Finance's side. However, he thought the steps they had taken following Mr R raising the issue – which was to apologise; write off the debt; and back-date the account closure to February 2025 – were sufficient.

But Mr R remained unhappy and felt their resolution did not compensate him for the stress and anxiety the matter would have caused. So, as the parties are still in disagreement, the case has been passed to me, an Ombudsman, 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, and while I accept this may be disappointing for Mr R, I've reached the same conclusions as the investigator, and for broadly the same reasons.

In this case, there's no dispute between the parties whether or not an error was made. Mr R has complained that Salary Finance were wrong not to have actioned the write-off of his outstanding balance in February 2025, and Salary Finance have accepted that it was their error that caused this not to be actioned when it should have. So, when deciding this case, I don't need to determine who's at fault, as this is no longer in dispute. What remains to be decided, is what Salary Finance should do to put things right.

When a business has done something wrong, which is the case here, the two key things for me to consider, are firstly, what needs to be done to put the customer back in the position they would have been, if not for the business's error, so far as is reasonably practicable. And then, what - if any - monies should be awarded for any material losses; and/or compensation for any distress or inconvenience the matter may have caused.

In this case, from the evidence provided, it seems Mr R was not originally aware that Salary Finance had failed to write-off his debt, following completion of his DRO. And that it was only towards the end of May 2025 that he became aware of the issue and reached out to Salary Finance in an attempt to resolve the matter.

Upon receipt of Mr R's concerns, Salary Finance acted quickly, and just over two weeks later, they issued a response stating that they had now written off the debt and back dated the write-off to February 2025.

So, when looking at redress, Mr R's credit file is now back in the position it would have been. And given that the write-off was backdated to February 2025, his credit file should reflect as it would have, had the write-off been actioned when it was due. So, there's no further action that needs to be taken by Salary Finance to put Mr R back in the position he would have been, if not for the error.

Equally, while I appreciate things went wrong here, Mr R has not made our service aware of any material losses he experienced as a result of Salary Finance's error. I've not seen anything to suggest for instance, that he'd had credit applications declined as a result of the error, or that he was charged additional interest on other credit due to a potentially lower credit score. So, I'm satisfied that no award needs to be made for material losses. So, what remains to be considered, is any compensation for the potential distress this would have caused.

In this case, as set out above, it seems Mr R only became aware of the issue at hand in late May 2025. Upon becoming aware, he reached out to Salary Finance, who then responded to the matter within a couple of weeks and resolved the issue. While I appreciate Mr R would have been concerned that things had not gone as they should have, I can't see that any material distress would've been caused as a result of this oversight. And equally, Salary Finance were able to put things right quickly, having written off the balance within just a couple of weeks, which they then back dated and reported to CRA's to correct his credit file. So, any distress this may have caused, was alleviated quickly, as a result of Salary Finance's actions.

So, while I accept Mr R was put to some inconvenience, in the circumstances, I'm satisfied that Salary Finance's apology, and their actions in putting things right quickly, were sufficient in the circumstances. Therefore, I won't be asking them to do anything further.

My final decision

My final decision is that I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or

reject my decision before 7 November 2025.

Brad McIlquham
Ombudsman