

The complaint

Mr M is complaining about the way Commsave Credit Union Limited (Commsave) communicated with him about arrears on his loan.

What happened

Commsave granted an initial loan of £1,500 to Mr M in June 2021, and then granted him several further loans. The last one was in December 2022, for the sum of £7,200. Mr M brought a complaint to our service in 2023, saying the loans had been given to him irresponsibly. An ombudsman upheld Mr M's complaint in relation to the final three loans. He said Commsave should refund all interest and charges in relation to the final three loans, and exercise forbearance and due consideration in collecting any outstanding balance.

In November 2024, Mr M complained to Commsave again following a few days of correspondence with them. He said they hadn't set up an affordable payment plan as they'd been instructed by the ombudsman. And he complained about Commsave texting him about not making his contractual repayments.

Commsave responded to Mr M's complaint. In summary, they said:

- They'd tried to contact Mr M to ask about any financial difficulties and to determine an affordable repayment plan but hadn't received a response from him.
- They'd allowed Mr M a payment holiday when he'd requested it and let him know the account would fall into arrears.
- Their correspondence about arrears was not intended to be threatening but instead was standard correspondence in line with their duty of care to keep members informed about their accounts and arrears.
- They'd offered Mr M the opportunity to set an affordable repayment plan on the phone in November 2024, but he'd declined this and said he'd continue to pay £207.19 per month until the loan was cleared. They confirmed they'd waive the £10 per month savings requirement and this amount was acceptable.

Mr M remained unhappy, saying he was looking for compensation for the stress and inconvenience the matter had caused him. He brought his complaint to our service and added that he'd had to use a short-term loan to keep up with bills and make the payments to Commsave.

One of our investigators looked into Mr M's complaint. She said having considered each aspect of Mr M's complaint she didn't think Commsave had done anything wrong, and she wouldn't be asking them to do anything further.

Mr M didn't accept our investigator's response. In summary, he said:

- Commsave hadn't exercised forbearance in line with the ombudsman's previous decision. Instead, they'd continued to chase him for a deficit which they shouldn't

have done given the ombudsman's instructions.

- A payment holiday isn't a payment holiday if it's immediately followed by continued arrears and debt collection.
- When he tried to resolve the issue, Commsave's communications were unhelpful and contradictory. He had no clarity as to why he was in arrears.
- Commsave had refused to raise a complaint in relation to this issue which had caused him additional stress.
- As Commsave's actions had caused him stress, they must have acted unreasonably.

Our investigator responded to Mr M's comments but still didn't uphold Mr M's complaint. In response, Mr M reiterated his request for an ombudsman to look at the matter and the complaint has now come to me for a decision.

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'm not upholding Mr M's complaint for broadly the same reasons as our investigator. I appreciate this will be disappointing for Mr M but I'll explain further below.

Our ombudsman's direction on the previous case

When our ombudsman found that Commsave shouldn't have lent to Mr M, he wrote: "*I think it's fair and reasonable to expect Commsave to exercise forbearance and due consideration should it be the case that Mr M is experiencing financial difficulty.*"

This is an expectation rather than a direction, and it's not very specific. Commsave say they tried to contact Mr M at the time, in February 2024, to understand whether any adjustments were needed. And I can see from their contact notes that they sent Mr M an email at that time which said they'd tried to call him and asked him to contact them. But nothing further came from this and I can't see that Mr M told Commsave about any financial difficulties until September 2024.

The payment holiday

In September 2024, Mr M missed a payment and Commsave immediately sent him a standard email reminder by both email and text message.

In response, Mr M said he'd been unwell and had been paid less than usual that month. He asked for a payment holiday, saying normality would return the following month. Commsave agreed to this, and told him that his balance would fall into arrears because he didn't have enough in his savings account to cover the payment due that month. They said they looked forward to receiving Mr M's usual payment in October 2024. And they said they'd contact Mr M after the payment holiday period to discuss repaying the arrears.

Mr M says it's not really a payment holiday if it takes him into arrears and he's immediately chased for payment. But this is how payment holidays often work – a customer is allowed to miss a payment and then make it up over the course of a few months. So I can't say that Commsave's actions were unreasonable.

Arrears communications

I can't see Commsave did contact Mr M about an affordable way for him to make up the September payment. Instead, the next communication Mr M received was a standard email which said Commsave expected him to pay £217.19 per month and he'd only paid £205. This email said that failure to increase his standing order the next month would mean the arrears process would continue and further action might be taken. The email said Mr M should contact Commsave for any further assistance.

I can understand why Mr M felt threatened by this. His response was to complain and to point to the ombudsman's expectation of forbearance. Commsave apologised and explained that they hadn't intended to threaten Mr M and instead had followed their standard process for arrears. On the same day, they said Mr M didn't need to make savings contributions anymore and they offered to work with Mr M to come up with an affordable payment plan if he emailed or phoned them.

Mr M remained very upset, and he reiterated that he wanted to make a complaint. He felt that Commsave were threatening him over a £2 difference. A further email from Commsave explained that there were arrears on the account because of the payment holiday, not because of the £2 discrepancy. There were several emails backwards and forwards between Mr M and Commsave, during which Commsave apologised for any misunderstanding and suggested that a phone call might help to clear things up. I appreciate why Mr M didn't want to speak on the phone. But I also think Commsave did explain how the arrears had arisen.

Mr M didn't ask Commsave to set up an affordable payment plan for him. And when they did speak on the phone, Commsave offered to reschedule the loan to reduce the monthly repayments, but Mr M declined, saying he wanted to move on from Commsave.

In summary, I'm not persuaded Commsave's communications contravene our ombudsman's expectations of forbearance. I'm satisfied they were fair and reasonable. Whilst there were some misunderstandings, this can happen, and Commsave clarified why the arrears had arisen (due to the payment holiday) and that they were happy to consider any suggestions Mr M had as to what might be an affordable payment plan for him.

Request for formal complaint to be logged

Mr M's also unhappy that Commsave didn't log a complaint when he first asked them to. Commsave initially said they couldn't because he'd already made a complaint about the account. And then they tried to resolve things informally without logging a complaint. Whilst Commsave initially gave Mr M the wrong information, they then logged and formally responded to Mr M's complaint within four days of him first mentioning it. The FCA allows a business eight weeks to respond to a customer's complaint. So, whilst I appreciate Mr M's frustration at Commsave's initial refusal to log the complaint, I consider they've made up for it by then responding to it very promptly.

Conclusion

In summary, Mr M's complaint to us is that Commsave didn't treat him with forbearance and instead chased him for arrears. He was also unhappy about the lack of clarity about the arrears, and Commsave not logging a formal complaint when he'd asked them to.

As I've explained above, Commsave sent Mr M an email reminder about his payment in early September 2024. And then they sent a standard arrears message in early November 2024. I don't consider this communication to be excessive or intentionally threatening. And when Mr M expressed his dissatisfaction, Commsave acted immediately, corresponding quickly with Mr M to explain how the arrears had arisen and what his options were. Commsave offered Mr M several opportunities to set up an affordable repayment plan, but

Mr M didn't respond to the written offers and explicitly declined the offer made over the phone. So I can't say Commsave should have done any more in this respect.

Commsave's communication about the cause of Mr M's arrears wasn't entirely clear. And they frustrated Mr M by not logging a complaint immediately. Mr M's said the impact on him was significant, resulting in lost sleep, stress, and inconvenience. But the whole episode from the first message about arrears to Commsave's final response to the complaint lasted just four days. In considering compensation for distress and inconvenience, I have to consider timeframes, and what was reasonably foreseeable for Commsave. I'm satisfied Commsave acted quickly to minimise the stress and inconvenience caused to Mr M and as a result, I'm not directing them to pay any compensation to Mr M.

My final decision

As I've explained above, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 October 2025.

Clare King
Ombudsman