

The complaint

Mrs H complains about how Salary Finance Loans Limited (SF) handled her loan account.

What happened

Mrs H took out a fixed-sum loan agreement for £13,548.29 with SF in January 2020. The repayment schedule showed the loan would be repaid over 60 monthly repayments, with the loan due to be fully repaid in February 2025.

SF took a reduced loan repayment from Mrs H in January 2025 and SF's systems showed it had been repaid in full. A few days later, Mrs H asked SF for another loan. It then told her she still owed an outstanding balance on the loan she thought she'd just repaid. Mrs H complained.

In its March 2025 response to her complaint, SF admitted it had made an error in telling her the loan had been fully repaid in January 2025. Instead, she still owed £375.95 but, to recognise its error, it reduced the outstanding balance to £216.09. SF added no adverse information had been added to Mrs H's credit file and it would amend it to show the loan was repaid in January 2025 once she had repaid the outstanding balance owed. However, if Mrs H didn't repay the outstanding balance, it may record adverse information and default her account.

Unhappy with SF's response, Mrs H referred her complaint to our service. One of our investigators reviewed it and said SF was right to say there was an outstanding balance owed to it. However, it was clear SF had made a mistake and the investigator thought its offer to reduce the outstanding balance owed to it and update her credit file was reasonable.

Mrs H didn't accept our investigator's opinion. She said she hadn't missed a repayment and wouldn't have known about the error if she hadn't contacted SF. So, this complaint has 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.

I accept Mrs H's screenshots show SF's systems told her she had repaid all of her loan in January 2025 and it's clear SF made an error here. My role is to decide whether there is an outstanding balance owed to SF that it is reasonably entitled to Mrs H to repay, and whether it has done enough to put things right.

I've reviewed Mrs H's loan agreement, which says she agreed to pay SF £13,548.29. Her statements show that after her January 2025 repayment, she'd repaid £13,172.34 of the £13,548.29 owed to SF. So, I'm satisfied that Mrs H still owed an outstanding balance to SF.

I think it's clear SF made a mistake telling Mrs H she'd fully repaid the loan in January 2025 when she still owed SF money. However, it doesn't automatically follow that SF shouldn't

ask Mrs H to repay the outstanding balance owed to it.

SF offered to reduce the outstanding balance to £216.09 (a reduction of around £160) to recognise the distress and inconvenience caused to Mrs H. As I've said above, I think SF has shown there was an outstanding balance owed to it and it was entitled to ask Mrs H to repay it. In the circumstances, I think the offer to reduce the outstanding balance owed to it by around £160 is fair and in line with what I would have awarded had SF not already made this offer.

I have taken into account that SF's error had no impact on Mrs H until January 2025. Mrs H had been told she'd be making repayments until February 2025. Even if it was Mrs H's contact with SF that led to her finding out about the error, rather than SF contacting her proactively, she was still made aware she still owed money before her final repayment was due in February 2025. Instead of making the contractual repayment in February 2025, Mrs H had the benefit of the repayment not being deducted from her salary, so I think the financial impact of the error was also limited. Despite the contractual repayment not being made whilst it was investigating what had happened, SF offered to ensure no missed repayments were recorded on her credit file at the time of its final response to the complaint. It also offered to amend Mrs H's credit file to show the account was settled in January 2025 once it had received the outstanding balance owed to it.

In the circumstances, I think SF was entitled to ask Mrs H to repay the outstanding balance owed to it and I think its offer to put things right is fair in all the circumstances.

My final decision

Salary Finance Loans Limited has already made an offer to reduce the outstanding balance owed to £216.09 and, if this amount is received, to remove any arrears recorded to the date of its final response and amend Mrs H's credit file to show the loan was repaid in January 2025.

I think this offer is fair in all the circumstances so my decision is that Salary Finance Loans should reduce the outstanding balance owed to £216.09 and, Mrs H pays this, remove any arrears recorded to the date of its final response and amend her credit file to show the loan was repaid in January 2025.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 18 March 2026.

Victoria Blackwood

Ombudsman