

The complaint

Miss G is unhappy with the service provided by The Claims Experts Ltd trading as Impakt Claims (Impakt) after it dealt with irresponsible lending complaints on her behalf.

What happened

Miss G instructed Impakt to deal with irresponsible lending complaints against lender M for several accounts. Around November 2023 lender M responded to Impakt's letter of complaint offering redress for interest paid on two loan accounts.

Impakt contacted Miss G to advise of lender M's offer. Impakt tried to contact Miss G by phone but Miss G requested Impakt send an email with details of lender M's offer. Impakt sent Miss G an email saying the following:

'Full balance write off £507 – This means you have no further payments to the lender and any negative marks it has had on your credit report will be removed. If for any reason a payment is taken after this email, let us know as soon as possible so we can get this directly refunded to you.'

In response, Miss G asked *'The £507 - full balance write off - can you just explain what this means?'* In response Impakt advised *'The Lender has confirmed they have added a credit of £507 onto the Credit card you have with them this is the balance reduction'*. Miss G accepted the settlement offer from lender M and paid Impakt its success fee.

In September 2024, Miss G contacted Impakt saying her outstanding debt with lender M had been passed to a debt management company. Impakt said lender M had offered redress on two loans so she should contact lender M and the debt management company directly to discuss anything outstanding on her remaining accounts. Impakt also sent Miss G a copy of the final response letter from lender M which included a breakdown for all accounts.

Miss G complained to Impakt about the success fee she'd paid, saying it had incorrectly advised her at the time about no further payments being due to lender M. Impakt considered Miss G's concerns but said its service had been reasonable and didn't offer to do anything in settlement of Miss G's complaint. Miss G brought her complaint to this Service.

The Investigator considered the evidence and said Impakt's communication with Miss G had been poor. The Investigator said Impakt should pay Miss G £300 to reflect the distress and inconvenience caused to her because of Impakt's poor explanation about the offer from lender M, and what this would mean for Miss G's outstanding liabilities with lender M. Miss G and Impakt disagreed with the Investigator's findings. Miss G said the compensation amount was too low as it didn't reflect the amount she'd paid for Impakt's service, and Impakt said Miss G ought to have been aware of the remaining loans and payments. As the complaint couldn't be resolved it has been passed to me for 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.

The dispute on this complaint relates to whether Impakt provided a poor service in failing to clearly explain lender M's offer to Miss G at the time that it was made. The Investigator said that Impakt had provided a poor service as it hadn't discussed properly what loans lender M's offer related to, and the impact of any outstanding loans that would remain payable. In particular, it had failed to provide Miss G with a copy of lender M's final response letter which clearly explained lender M's rationale for each loan, and whether the complaint against that loan had been upheld.

Having considered the evidence, I agree with Investigator's findings and outcome for this complaint for broadly the same reasons. I recognise that this will come as a disappointment to Miss G who was hoping for compensation to reflect the success fee she has had to pay Impakt. But I'm not persuaded that's a fair outcome. I'll explain why.

Impakt say it tried to contact Miss G by phone several times. I've seen that Miss G had made it clear to Impakt that she wanted it to correspond by email with her. As Miss G's appointed agent, Impakt had a responsibility to explain lender M's offer to Miss G in the format that she'd requested. I can't see that it did this in way that made it clear to Miss G what loans lender M had agreed to offer redress on, and importantly, what this would mean for any outstanding liabilities.

Impakt say Miss G ought to have known about the outstanding loans with lender M as lender M and the debt management company would've tried to reach Miss G between November 2023 and September 2024. I haven't seen any evidence of these contacts. Regardless, Miss G's contract was with Impakt. So, in line with Impakt's regulatory and contractual obligations, it ought to have communicated key updates and information about Miss G's claim with her directly. I'm persuaded this includes full details of the offer from lender M as explained in its final response letter. And it ought to have provided Miss G with a copy of the final response letter at the time, so that she could ask any questions about lender M's offer, and the status of the loan agreements referred to in the letter.

Impakt's failure to clearly explain lender M's offer, and provide a copy of the final response letter of November 2023 in a timely way, amounts to poor claim handling. The impact of this poor claim handling meant that Miss G had to chase Impakt for information about her loans with lender M a year after the settlement amount had been paid.

The Investigator recommended Impakt pay Miss G £300 in recognition of its poor service and the impact on Miss G. Having considered our award bands and what has happened, I'm persuaded £300 is fair and reasonable and in line with what I'd direct in the circumstances.

I say this because this amount recognises Impakt's failure to engage with Miss G in a timely way, and discuss lender M's final response letter of November 2023 in full. I'm persuaded if it had done this sooner Miss G would've had the opportunity to fully understand the impact of lender M's offer across all of her outstanding liabilities, including her other loans where redress hadn't been offered by lender M.

On balance I haven't seen any evidence to say that Miss G would've challenged or rejected lender M's offer. So, I'm persuaded she would've still ended up accepting lender M's offer and paying Impakt its success fee as she was required to do under the terms of her contract. So, I won't be asking Impakt to refund this. But I think Impakt did a poor job of fully explaining lender M's offer and Miss G was caused unnecessary distress and inconvenience because of this.

My final decision

For the reasons set out above, I uphold this complaint. The Claims Experts Ltd trading as Impakt Claims is directed to pay Miss G £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 10 December 2025.

Neeta Karelia
Ombudsman