

complaint

Mr S would like to be compensated because of the way Instant Cash Loans Limited ('Instant Cash') responded to a token offer he made to settle what he owed on a pay day loan.

background

Mr S wrote to Instant Cash to say he was in financial difficulties and to make a token offer of regular payments. Instant Cash accepted the offer amount and also said it wouldn't charge further interest or add default sums if Mr S kept to the payment arrangement he'd proposed. But Mr S never received its letter confirming this. Mr S thinks this may be because it was mistakenly sent to the building where he lives, but was addressed to the wrong flat.

When it wrote to Mr S accepting the token offer, Instant Cash said it would still be issuing a default notice because Mr S was in breach of his current payment agreement. Instant Cash also tried to contact Mr S by phone to confirm payment and left some phone messages. Because Mr S didn't make any payments, Instant Cash issued a default notice in December 2013. The notice was later registered on his credit file.

Mr S has stopped making payments towards paying off the loan. He wants the default to be removed from his credit file. He's also complained about receiving too many calls from Instant Cash, and that no one told him his payment had been accepted.

Because of Mr S's complaint, Instant Cash has waived a late payment charge and some interest and has also offered Mr S £50 for the trouble and upset it caused him by writing to him at the wrong address. But it says it wants to take this off the money Mr S still owes it.

Our adjudicator thought the £50 offer Instant Cash made was fair. But he also thought it should be a separate payment made to Mr S. Because Instant Cash doesn't agree about that and because Mr S still wants the default to be removed, this complaint has been passed to me for a final decision.

I spoke to Mr S on the telephone about his complaint before I wrote this decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr S applied for a further loan from Instant Cash in October 2013. The information he provided to Instant Cash about his disposable income was enough for it to approve and give him the loan.

But it seems at some point Mr S got into financial difficulties. He says he made his token offer to them in May 2013 but I've seen that some of the paperwork he completed and also the stamp on the envelope was dated November 2013. Given that Instant Cash gave Mr S a further loan in October 2013, it seems unlikely to me that it had by then received Mr S's offer letter saying he was in financial difficulties. It's also possible that Mr S is mistaken in his recollection of when he sent it.

When Instant Cash replied to Mr S's offer, it said it wouldn't add further interest or default sums to the loan. But because Mr S was in breach of his agreement, Instant Cash still went

ahead and issued a default notice against Mr S. I don't think Instant Cash was acting unfairly in doing this.

It's difficult to know for sure why the letter from Instant Cash accepting Mr S's offer didn't reach Mr S. Instant Cash don't keep actual copies of the letters they send out. When Instant Cash gave Mr S a copy of the letter, he saw that it had been addressed to his old address, which was in the same building but at a different property. This may have been due to the way Instant Cash produced a copy of the original letter, which had been sent to the right address. Or it's possible that the original letter was sent to the wrong address. I have no way of knowing what actually happened. However, it doesn't affect my decision because Instant Cash has already agreed to compensate Mr S for the error. But I've also kept in mind that it was always open to Mr S to contact Instant Cash to find out what had happened to the letter.

Also, I don't think Instant Cash was wrong to contact Mr S when his loan was due. Mr S says that he spoke to Instant Cash's representatives but its own records say that they only left messages. So I don't feel able to agree with Mr S that he was being hassled with too many phone calls. And I've seen that after Instant Cash got the offer letter, it wrote to Mr S accepting the offer but it didn't try to contact Mr S again.

Overall, having thought carefully about Mr S's complaint, I think Instant Cash Loans Limited ought to pay Mr S the £50 it's offered him. I also think it should do this as a cash sum rather than taking it off the amount he owes it.

my final decision

I'd like Instant Cash Loans Limited to pay Mr S £50 for the trouble and upset it caused him, but I don't think it needs to take any further action regarding the default notice that has been registered against Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 November 2015.

Michael Goldberg
ombudsman