

complaint

Mr C complains that Northern Debt Recovery Limited ("NDR") harassed him with demands for payment, after he told it he was in financial difficulties. He also complains that the interest and charges added to the debt were excessive and put him under more pressure.

background

Mr C took out a 14-28 day loan, for a three-figure sum. Mr C was in financial difficulties and before the end of the 28 days, he instructed a debt management company to deal with his debts on his behalf. The debt management company tried to arrange a repayment plan on behalf of Mr C. The debt was then transferred to NDR for collection.

NDR sent a number of emails and texts to Mr C and arranged a home visit, to chase repayment. Further interest and charges were added to the debt. NDR said that it would not deal with the debt management company and did not accept the repayment plan.

The adjudicator recommended that the complaint should be upheld. He considered that NDR had not acted positively and sympathetically towards Mr C, by continuing to add charges and interest and refusing to deal with his debt management company. He considered that NDR had breached guidance issued by the OFT and that, overall, the actions taken to recover the debt were unacceptable and oppressive. He recommended that NDR should write off the remaining balance.

NDR did not agree and responded to say, in summary, that Mr C had not demonstrated that his repayment plan was reasonable and that he may have taken out the loan with the intention to avoid repayment. In the circumstances NDR had acted reasonably and the adjudicator's decision was unfairly prejudiced.

my findings

I have considered everything that Mr C and NDR have said and provided in order to decide what is fair and reasonable in this complaint.

I do not consider that NDR has responded positively and sympathetically to Mr C's difficulties. NDR said that it would not deal with Mr C's debt management company, because the offer was not acceptable. An email sent to Mr C on 10 August by NDR was, in my view, worded in such a way to discourage him from continuing to seek the assistance of the debt management company, by implying that it was only adding to his debt. I do not consider that this is a positive or sympathetic response.

NDR continued to add charges and interest to the debt after Mr C said that he was in financial difficulties. The scale of the fees and charges added was significant and only added to the financial pressure that Mr C was under. The debt increased to an unreasonable level, given the amount borrowed. I consider that continuing to add such large amounts to the debt was unreasonable, in the circumstances, and NDR did not treat Mr C positively or sympathetically.

Mr C says that on some occasions, he received up to three emails a day chasing repayment. I have seen from the records provided by NDR that he was sent text messages on a daily basis for four days, counting down the days to a visit from bailiffs. NDR is entitled to contact Mr C to request repayment, however, I consider that this level of contact was oppressive and

unnecessary. I agree with the conclusions of the adjudicator that this level of collection activity was to pressure Mr C into repaying more than he could afford.

The emails and messages that I have seen do not show that NDR made a positive attempt to negotiate an affordable repayment plan with Mr C, until after he complained to this service.

In all the circumstances, I do not consider that the actions of NDR were a positive or sympathetic response to the financial difficulties of Mr C. I consider that they added significantly to his financial problems and caused him a great deal of unnecessary anxiety.

I agree with the conclusion of the adjudicator that NDR should write off the balance of the loan, to reflect the distress and inconvenience caused to Mr C.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it, I order Northern Debt Recovery Limited to write off the current outstanding balance of Mr C's loan.

Emma Boothroyd
ombudsman