

## **complaint**

Miss T complains that Northern Debt Recovery Limited debited her account without her authority, and after she had told it that she was in financial difficulty.

## **background**

Miss T took out a short-term loan for £300 in 2011. When the loan was not fully repaid on time, Miss T agreed to a repayment plan of £40 per month. Then, in August 2012, Miss T told Northern Debt Recovery that she was on maternity leave and offered to repay £1 per month. However, in September 2012, Northern Debt Recovery debited £162 from Miss T's account. Northern Debt Recovery has now closed Miss T's loan account, but it has offered her £50 compensation for debiting her account when it did. Miss T says that she wants the £162 refunded and £500 compensation for debiting the money and for the very poor customer service that she says she received.

Our adjudicator recommended that the complaint should be upheld in part. He found that Miss T had paid £483 in total for the £300 loan, including the £162. He considered this was a reasonable amount and, therefore, did not conclude that Northern Debt Recovery should refund the £162. However, although he found that Northern Debt Recovery was authorised to debit Miss T's account via a Continuous Payment Authority (CPA), he did not find that it had acted fairly or reasonably in doing so after it had been informed of her financial difficulties. For this, and the poor customer service, he recommended compensation of £100.

Northern Debt Recovery responded to say, in summary, that it had written off charges of almost £2,000 when it closed Miss T's account and, therefore, it considered that £50 compensation was sufficient.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Much like the adjudicator, I consider that the £483 that Miss T has paid for her original £300 loan is fair and reasonable. I acknowledge that Miss T told Northern Debt Recovery that she could only afford to pay £1 per month and, therefore, Northern Debt Recovery was aware that she was experiencing financial difficulties. However, it was not obliged to accept this offer. It did subsequently close Miss T's account though and, by doing so, it has written off additional substantial charges. Therefore, I cannot conclude that it should also refund the £162 that it debited from her account.

Nevertheless, although I find that Northern Debt Recovery had authority to debit Miss T's account, I do not consider it acted fairly or reasonably by doing so after it had been told of her financial difficulties. I also do not underestimate the additional distress caused to Miss T by Northern Debt Recovery's poor customer service and the actions of its debt recovery agents. In particular, I note that Northern Debt Recovery did not respond promptly to Miss T's emails and Miss T says that it was pursuing her for payments whilst she was in hospital with a newborn baby, including sending a text message at 4am. Taking all of this into account, I consider £200 more appropriate as compensation for Miss T's distress.

**my final decision**

My final decision is that I uphold this complaint in part. In full and final settlement of it, I order Northern Debt Recovery Limited to pay Miss T £200 compensation for the distress and inconvenience it caused her.

Amanda Williams  
**ombudsman**