

complaint

Mr D has complained that Welcome Financial Services Limited ("Welcome") has offset his payment protection insurance ("PPI") refunds against an outstanding balance on his account. And he says Welcome didn't make any attempt to contact him to try to resolve the matter at the time the loan was written off.

background

Mr D had a loan with Welcome, which he took out in 2003. In 2007 he had an outstanding balance on his account of £7,564.71 and didn't make any further repayments.

Mr D later complained to Welcome that it had mis-sold him the PPI with the loan. Welcome looked into his complaint and made him an offer of £2,255.82. After deducting £990.49 to adjust for the unpaid PPI on the account the amount was reduced to £1,265.33. But the sum was to be applied as a payment towards the balance outstanding on his closed loan. Mr D was unhappy with what Welcome had done.

Mr D's referred to the six and 15 year limitation periods which relate to the length of time a debt can be pursued by a creditor.

One of our adjudicators looked at Mr D's complaint. She didn't think it should be upheld and concluded that Welcome didn't need to do anything more.

Mr D wasn't satisfied with the outcome and asked for it to be passed to an ombudsman for 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. It's also based on a consideration of the law, relevant regulations and guidance.

But above all, it's for me to decide what would be a *fair and reasonable* outcome in all the circumstances of the case.

As a starting point, banks are generally allowed to use money they owe a customer to reduce a customer's debt to them. And the regulator's guidance says Welcome can "*reduce the associated loan or credit card balance*" when offering a PPI refund.

Mr D has said Welcome didn't attempt to make contact with him to resolve the matter of the balance outstanding. As mentioned by the adjudicator, Welcome has given us records to show that it did try to contact Mr D about the outstanding balance, so I'm satisfied on that point. And I don't think it's relevant to the outcome of this decision which is about whether Welcome can offset redress against the balance outstanding.

Mr D has also referred to the six and 15 year periods of limitation being the length of time a debt can be pursued. I'm not able to say whether a debt is enforceable or not as that is only something a court can decide. And welcome didn't pursue the debt here. They just set off what they owed Mr D against what he still owed them. But in any event, whether or not a

debt is enforceable is different to saying that a debt remains outstanding. Even if the debt was statute barred, it still exists, and Welcome can still offset against it.

As I've said above, I have to decide what's fair and reasonable. I don't think it is fair or reasonable to argue that Mr D is owed redress by Welcome but that he doesn't owe Welcome anything. From the evidence I've seen, he does owe them a debt, and that's the balance outstanding on his loan. So I think it's fair for Welcome to use what they owe Mr D in a PPI refund to reduce what he owes to them on the very same loan.

my final decision

As I've said above, I don't think Welcome Financial Services Limited has done anything wrong and I won't be asking it to do anything more

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 January 2018.

Catherine Langley
ombudsman