

complaint

A Debt Adviser (DA) complains on behalf of Mr L about the service Mr L has had from Progressive Money Limited (PML). Mr L would like an apology, for PML to amend its policies, to consider reducing and or freezing interest for those in financial hardship and to only contact him via his debt adviser. He would also like compensation for stress and time.

background

Mr L says he struggled with financial payments and in 2017 sought advice from a national debt advice organisation. He says all of his creditors have responded positively to his situation except PML. He says PML constantly calls him aggressively demanding he reduces his outstanding balance. And has continued to contact him direct despite him asking to deal with him via his DA.

He says he feels the interest PML charge is excessive. And says PML breached data protection legislation by sending him someone else's details.

He says he has found the whole situation very stressful. And it's also taken up a lot of his time taking phone calls.

PML said it was its policy to keep in touch with customers and to call each month even if a debt advice charity is involved. This is to encourage clients to try to clear their accounts. And it noted on two phone calls Mr L did make additional payments. It assured Mr L his own data was secure and advised him to securely destroy anything that he had received that didn't relate to him. It said it didn't agree to a repayment plan as Mr L hadn't provided all of the information it needed.

Our adjudicator didn't uphold the complaint. He found it reasonable there was no official payment plan in place. And although Mr L asked PML to call his DA he also gave PML permission to call him direct. He noted PML offered £25 compensation for one call when it called Mr L rather than his DA. He didn't find the phone calls threatening or malicious. He confirmed that no interest had been added to Mr L's account since he fell into arrears and felt interest had been applied correctly. He suggested Mr L contact the Information Commissioner's Office (ICO) about the data breach as he found no evidence Mr L's information had been mishandled. He didn't feel there were grounds to recommend further compensation.

Mr L didn't accept this view. He felt the outcome was unfair as PML was the only creditor that used aggressive tactics with continuous call. He said he was paying interest. The DA said it was her understanding that there was a repayment plan in place when Mr L put in his complaint to this service.

Our adjudicator considered these points but didn't change his view. He clarified that Mr L was paying contractual interest not any additional interest or charges associated with the account going into arrears. He confirmed no formal payment plan was agreed as PML hadn't received all of the information it needed to agree one. It specifically queried a payment to a family member. However it had accepted payment via the debt advice charity on an informal basis.

Mr L didn't accept this view. The DA said that Mr L would still like a final decision by an ombudsman mainly around the issue of interest which PML had consistently said it hadn't

charged but had. She referred to the adjudicator's first view saying that PML hadn't charged interest due to Mr L 's financial difficulties which wasn't true. She said she had provided PML with all the information it requested including an explanation of the payment to a family member and no further requests were made.

Our adjudicator considered these comments but as he was unable to get any evidence of what had been discussed he couldn't confirm if PML had all of the information it needed to confirm the details of Mr L's finances.

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 L and his DA have raised a number of other issues during this complaint. And although the main reason the DA said Mr L wanted an Ombudsman's view was the issue of interest I thought I ought it would be helpful to cover some of the other issues as well.

Mr L initially said he wanted PML to consider amending its policies and to consider reducing and or freezing interest for those in financial hardship. I need to explain that in this complaint I can only consider what PML has done and what effect if any that has had on Mr L. And PML's policies are not something I can ask it to change.

Mr L has said he found PML's phone calls aggressive and threatening. I have listened to a number of phone calls between Mr L and PML. As a result of these phone calls Mr L did make two additional payments. I can appreciate the DA's point that Mr L might have felt pressured to pay more and that this wasn't necessarily fair on other creditors he owed money and had agreements with. I didn't feel that PML aggressively asked for additional payments and Mr L seemed willing to pay them.

I can appreciate that PML did make some comments about attachment of earnings orders and made reference to problems other clients had in the past in not making payments. But these were balanced by a constant reassurance that Mr L was doing the right thing in trying to sort out his affairs and make the payments. I didn't find the tone of the phone calls threatening. And have noted PML did offer during two phone calls Mr L the option of settling the debt by paying 50% of what was owed. I appreciate Mr L couldn't make that payment but I thought it was a reasonable offer for PML to make at that time.

In the phone calls Mr L seemed happy to talk to PML. He did ask that PML contact his DA but also gave permission to call him direct. PML offered £25 compensation on one occasion when it contacted him direct. I thought that was reasonable compensation in the circumstances. I felt it showed that PML had taken on board Mr L's request to contact his DA. My understanding is that payment has not yet been made.

Turning to Mr L's account and actual debt I have seen that in April 2017 a direct debit payment failed, two payment were made in May 2017 with one failing, no payments were made in June, July or August 2017 and then regular payments agreed with the debt advice charity were made of £44.99 until April 2018 when regular payments of £22.91 have been made.

I understand the payments of £44.99 and then £22.91 were payments the debt advice charity agreed with Mr L. There seems to be some confusion as to whether PML formally accepted the debt advice charity's payment plans or not

The DA says it provided all the information PML asked for. We have gone back to PML about this. It has now confirmed to us that it had all the information it required by 11 April 2018. Although it has said that it reviews its accounts on an annual basis so the next review will be February 2019.

I think the important thing here is that whether or not PML formally or informally accepted the reduced payments it did so as far as I can tell at no disadvantage to Mr L.

Looking at the issue of the interest charged I can understand why, from our adjudicator's letter, Mr L thought no interest had been added to his account. Mr L correctly pointed out that was wrong. He has given us statements which show that interest has continued to be added.

I've looked at the information PML sent us. That said no 'additional interest' had been added. Looking at PML's terms and conditions I can see that PML could have charged default interest and charges but didn't do so. I think there has been some confusion between the interest on the account which has continued to be added. And additional interest PML could have charged but didn't.

Mr L has said all of his other creditors have suspended interest payments and charges. We do expect businesses to respond positively and sympathetically when consumers have financial problems. But that doesn't mean that interest and charges will automatically be suspended. And just because other creditors may have done so it doesn't automatically follow that PML was wrong to carry on applying contractual interest. I think it has acted reasonably in not adding additional default interest and charges which according to its terms and conditions it could have done so. And I have noted it hasn't taken any legal action over the outstanding payments which it also could have done.

Mr L has asked for compensation for stress and inconvenience. I appreciate dealing with a debt is stressful and can take up some time. But that doesn't necessarily mean there are grounds for compensation. In this case I haven't agreed with Mr L's view of the phone calls he had with PML. I do think that PML has made some efforts to help Mr L. It has accepted reduced payments, hasn't charged additional interest which it could have done and offered to settle the debt by accepting just 50% of the outstanding amount. So I don't feel I have any reasonable grounds to ask PML to compensate Mr L as he would like.

But as I understand it PML has not yet made the £25 it offered Mr L as compensation for contacting him directly. I do think it should pay this if it hasn't done so already.

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my final decision

My final decision is that I uphold this complaint.

In full and final settlement Progressive Money Limited should pay Mr L the outstanding £25 compensation payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 February 2019.

Bridget Makins
ombudsman