

complaint

Mr M complains about the way Microcredit Limited (trading as MiniCredit.co.uk) treated him when he was in financial difficulty.

background

About a month after taking out a payday loan with Microcredit Mr M told it he was in financial difficulty. He's unhappy with its response. It continued to apply charges to his account, passed the debt onto a debt collection agency which also added more charges to the amount owing. Mr M wants all the charges refunded and compensation.

Microcredit accepted it should've reduced the amount owing once told of Mr M's financial difficulties. Interest and charges should've stopped at that point. It asked the debt collection agency to reduce Mr M's balance from £397 to £267.

Our adjudicator recommended that this complaint should be upheld and in addition to the proposed balance reduction the debit attempt fees on Mr M's account should be reduced from £125 to £10. That made the outstanding balance £152. The £0.75 monthly fees debited by the debt collectors should also be deducted from this figure.

Microcredit hasn't responded to the adjudicator's opinion.

Mr M says he's now paid off the loan in full. He's paid £267. The £0.75 fees have been refunded by the debt collectors.

my findings

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

I agree with the adjudicator's conclusions for broadly the same reasons.

Furthermore, I note the debt collection company has refunded the £0.75 fees it took. But as Mr M has paid £267 when his balance should've been reduced to £152 I think Microcredit should refund him the difference he's paid of £115 plus interest.

I also think Mr M has been caused some trouble and upset by the way Microcredit has handled matters and his complaint. Having regard to the circumstances and the level of awards we make I think it should also pay him £75 compensation for this.

my final decision

My decision is that I uphold this complaint and I require Microcredit Limited (trading as MiniCredit.co.uk):

1. To refund to Mr M the sum of £115 plus simple interest on it at the rate of 8% a year from the date he paid off the loan until the date of settlement; and
2. To pay Mr M £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 November 2015.

Stephen Cooper
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