

complaint

Ms D has complained that Microcredit Limited mishandled her loan, and unfairly applied fees and charges. She has also complained about its customer service.

background

Ms D took out a loan with Microcredit. However, she realised it was collecting payments early, which caused her financial problems. She was told she would have to pay a fee to change the repayment date back to what it should have been in the first place. She has also explained that she wasn't credited the amount she believed she was borrowing, and that fees were incorrectly applied upfront. She also says she received poor customer service, making matters worse.

I understand that the debt has now been sold to a third party.

The adjudicator recommended that the complaint should be upheld, as he was persuaded by Ms D's version of events. He recommended that the debt be repurchased and all fees and charges be refunded. He also felt compensation should be paid for the distress and inconvenience caused.

As Microcredit has not engaged with this service, the complaint has been passed to me for my final 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.

Microcredit has not responded to any requests from this service. It is therefore difficult for me to see whether fees and charges have been applied appropriately or not. I have relied on what Ms D has told us, and I am persuaded that her version of events is correct, as it is consistent and clear. On this basis, it seems interest and charges have stemmed from the incorrect repayment date at the start. Accordingly, all fees and charges should be refunded.

Microcredit must repurchase the debt from the third party, as it would never likely have been sold on had it not spiralled as it did.

Further, any adverse information about this debt should be removed from Ms D's credit file.

I have also looked at the customer service Ms D received. It seems she was sent worrying text messages at unreasonable hours and did not receive appropriate answers to her concerns about the spiralling debt. It was then very upsetting when the by then (wrongly) large debt was sold on. Microcredit did not send her a final response to her complaint for three months, and it did not explain to her that she could complain to this service. It then did not communicate with this service, prolonging the matter even further. I am satisfied that £350 compensation is appropriate to address the distress and inconvenience this caused.

my final decision

For the reasons given above, it is my final decision to uphold this complaint. I require Microcredit Limited to:

- a) repurchase the debt;
- b) remove all interest and charges applied;
- c) if any payments towards the interest and charges have already been paid, these must be refunded, adding 8% simple interest per annum, from the date of each payment to the date of settlement;
- d) remove all adverse information relating to this loan from Ms D's credit file; and
- e) pay her £350 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 7 September 2015.

Elsbeth Wood
ombudsman