

complaint

Miss C complains that Oakam Ltd failed to contact her about missed payments on her debt when she had a debt management plan (DMP) in place and unfairly transferred the balance to a debt collection agency.

background

Miss C took out a loan with Oakam in 2014 with an original repayment total of £1,264. Because she was struggling with her finances, Miss C organised a debt management plan with a debt management company but it seems no payments were made to Oakam by the debt management company. In 2018, Oakam passed the outstanding debt to a debt recovery agency which contacted Miss C. She then complained to Oakam because she hadn't received any correspondence about the debt though she didn't dispute the fact that the debt existed.

Oakam rejected Miss C's complaint because it said the debt management company was to blame. So Miss C came to this service. Our investigator didn't think the complaint should be upheld so Miss C asked for review by an ombudsman.

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 can understand Miss C's upset at finding out her loan wasn't being paid off, but based on what I've seen, I don't think Oakam's treated her unfairly and I'll explain why.

There was clearly a problem with the management of her DMP by the debt management company and I understand Miss C's looking into complaining about them. But this complaint is about Oakam so I need to consider whether it's been fair and reasonable in all the circumstances of the complaint. I can see Miss C contacted Oakam in 2016 because she was thinking about paying off her debt directly instead of through the debt management company. But in the end, she didn't do this. It seems the main problem with the payments was due to failings by the debt management company, so I don't think Oakam's to blame about this.

Miss C accepts she still owes money on the loan but she complains that Oakam should've contacted her about the debt earlier and shouldn't have passed the debt to a debt collection agency. The information provided by Oakam shows it hasn't added interest onto the debt or charges for the missed payments. The outstanding balance it passed on to the debt collection agency was £857 which was the original repayment total less the £407 Miss C had previously paid towards the loan. Therefore I don't think Miss C's suffered any financial loss as a result of Oakam not contacting her earlier.

I understand the situation's been upsetting for Miss C but I need to look at the way Oakam's acted overall. The main problem seems to have been with the debt management company failing to take payments. And Miss C's raised questions about the balance the debt collection agency is pursuing her for. But based on what I've seen, Oakam treated her sympathetically in that it froze interest and removed charges on the account even though it didn't receive payments for some time. So taking all the circumstances into account, I don't think the complaint should be upheld.

my final decision

For the reasons given above, it's my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 1 March 2019.

Susie Alegre
ombudsman