

complaint

Mr and Mrs R complain that Loans 2 Go Limited (the business) is charging them a large amount for a loan that Mr R had repaid.

background

Mr and Mrs R had a loan with the business which they were repaying. They were contacted about making a final payment and Mr R paid £411. He was then told he had over-paid. The business could not make a partial refund and so the full £411 was refunded. Mr R says he then paid the correct amount. The registration documents were returned and Mr R says they were told the loan was settled.

In November, Mr and Mrs R say that the business contacted them to say there was an outstanding balance on their account. Mr R says that his bank confirmed the money was available to make the payment when it was due but this was not taken.

The business says that a payment of £411 was received on 25 July 2016 but this was refunded to Mr R as he disputed the fees on the account. It says the refund was provided on the agreement that Mr R would make a payment of £315 once he had received the refund. This was never received.

The business says that Mr R initially said he had made this payment but he provided no evidence of this. In January 2017, it says Mr R contacted it to pay £315 to settle his account. He was told at that time that the £315 should have been paid in July when the refund was issued or November when the account went into arrears. It says that given the time that had passed interest had been added and so the amount due had increased. A reduced settlement offer was made of £700 but this was refused.

The business says the registration documents were returned because the account was originally settled.

The investigator found that both parties had made mistakes. She recommended that interest accrued between 27 July 2016 and 5 November 2016 and the interest that accrued from 4 January 2017 should be removed from Mr and Mrs R's account. She said that the interest charged between 5 November 2016 and 4 January 2017 should remain as Mr and Mrs R could've paid the £315 at that time but didn't. She said that Mr and Mrs R should be allowed six weeks to make the payment and if this happened, all adverse information about this matter should be removed from their credit files.

The business did not accept the investigator's view. It said that the refund was processed in line with company policy and that it was done on the agreement that Mr R would pay the revised amount once the refund was showing. It said Mr R had changed his version of events on several occasions and that was why the account was not settled. It said that there was no suggestion that interest would be frozen for the long term.

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 R did initially make the payment required to settle the account. This occurred in July and had there not been an issue regarding a refund, the account would have been closed at that time.

I understand that Mr R questioned the fees on his account. It was agreed that the fees would be refunded which reduced the amount he should have paid to settle his account to £315. I have looked at the business' notes from this time and they state that a partial refund is not possible so the whole £411 was refunded and Mr R was to call back to make the £315 payment once he had received the refund.

Although Mr R initially said he made the £315 payment, the evidence does not support this. As Mr R did not make the payment in July interest has been added to his account.

The outstanding issue is what, if anything, it is fair for Mr and Mrs R to pay to settle the account.

As the £315 payment was not paid as agreed it is right that this should be paid. Mr R says he thought this payment was made and he would have had the money available following the refund. It is not clear why he didn't make the payment at that time.

I note that Mr and Mrs R were not contacted about the missing payment until November. I can also see on the system notes for July there is a comment added that no further interest is to be charged.

I find it reasonable that interest is not charged for the period up to November when Mr and Mrs R were reminded of the missing payment. At that time I can see Mr R believed he had settled the account but this was not the case. I find that at date that Mr and Mrs R should have settled the account by paying £315. This did not happen and so I find it reasonable that interest was charged from this point.

Mr R then contacted the business in early January and offered to settle the account by paying £315. This was not accepted and since then further interest has been charged.

The business is not required to freeze interest while a complaint is being investigated. However, given the complaint was about whether a payment of £315 should be accepted, I find it fair that the outstanding balance was put on hold while this complaint was being investigated.

Overall, I find that Mr and Mrs R are liable for the £315 payment plus interest charged between 5 November 2016 and 4 January 2017. The interest and other charges should be removed. If Mr and Mrs R make the payment within six weeks of being notified of the amount due all adverse information should be removed from their credit files.

my final decision

My final decision is that Loans 2 Go Limited should inform Mr and Mrs R of the revised balance which includes the £315 payment plus interest charged between 5 November 2016 and 4 January 2017. If this is paid within six weeks all adverse information regarding this loan should be removed from their credit files.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 19 June 2017.

Jane Archer
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