

complaint

Mr B complains Canada Square Operations Limited (formerly known as Egg Banking PLC) wrongly calculated his outstanding debt before selling it on to a third party.

background

Mr B took a loan with Egg Banking in August 2003. His account was defaulted in April 2005. Mr B continued to make small repayments through a debt management charity. In February 2009, a third party recovery agent instructed by Canada Square Operations (CSO) told him the balance he owed was around £6,000. The loan was sold to another company in July 2011. Mr B says by that time, the balance should have been reduced to around £3,000. But, he says the new company says he owes over £4,000. He thinks CSO must have increased the amount he owed before it sold on the debt.

CSO says it defaulted Mr B's account in April 2005. And, it says in May 2011 it credited £2,973 to his account after he complained he'd been mis-sold payment protection insurance (PPI). It says when the account was sold to a third party company in July 2011, the balance was £4,6283. It doesn't accept this was wrong.

The adjudicator says when Mr B entered into a debt management plan in November 2005, his debt management charity wrote to CSO to confirm the balance at that time was £7551. She notes CSO's recovery agents say the balance in February 2009 was £6,616.30. She says Mr B paid £745.50 from February 2009 to March 2011. Taking this and the PPI refund into account, she says his balance in July 2011 should have been £3,069.53. She says CSO should refund the difference and should pay Mr B £150 for distress caused.

CSO disagrees. It says the figures quoted by the recovery agent were settlement figures. It doesn't agree this was the balance of Mr B's account in February 2009. It says around that time he owed over £8,000. It says it sent Mr B yearly loan statements showing the amount owed. It says it never received letters from Mr B's debt management company.

my provisional findings

I issued a provisional decision in this case. I said, in summary:

- Mr B's debt management charity couldn't provide a copy of the letter they said they sent to CSO confirming the balance of £7551. CSO said it didn't have a record of receiving it. I'd seen nothing to persuade me CSO confirmed that was the correct balance at the time.
- I accepted the company collecting the debt on behalf of CSO told Mr B the balance in February 2009 was £6,648. But, I thought that was likely to be a settlement figure rather than the balance owed.
- I'd seen some loan statements CSO sent Mr B. In 2010, the statement showed the balance was £7,817. I was satisfied, based on his repayments up to that point, this was likely to be the most accurate reflection of the balance outstanding.
- I considered Mr B's overall repayment history. And, I was satisfied taking into account the repayments he'd made, and the PPI refund, that the balance when the account sold in July 2011 was correct.

- I felt CSO could have been clearer – and should pay Mr B £200 compensation for the inconvenience caused.

CSO responded to say it had nothing further add following receipt of my provisional decision.

Mr B says 2009 and 2010 were difficult years for him. He says he might have overlooked the statements he received. He's asked me to speak to the third party company that gave him the settlement figure. He says compound interest and PPI were added to the amount he originally borrowed. He strongly feels the balance at the point of sale must have been wrong.

my findings

I thank both parties for their responses. I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm sorry to hear Mr B went through a difficult time in 2009 and 2010. I understand this might have meant he wasn't able to pay attention to statements received and to query them.

I know Mr B's asked me to speak to the third party company that gave him the lower settlement figure in 2009. I don't feel this is necessary as I've already said I accept what he was told. But, I'm afraid I've seen nothing further to persuade me this was the balance outstanding at the time.

As I previously said, CSO provided a detailed breakdown of Mr B's account which I've considered in detail. I note the PPI refund was offset against the balance Mr B owed. I've also considered the detailed breakdown of payments Mr B's made through his debt management plan. And, taking this all into account, I'm afraid I simply haven't seen enough to persuade me that Mr B's debt reduced by the amount he feels it should have.

I'm sorry to disappoint Mr B. Whilst I sympathise with his situation, and I can appreciate he would have been encouraged by the lower figure he was quoted, I'm afraid I haven't seen anything else to support this. From what I've seen, the record of his repayments and the PPI refund simply don't reduce the debt by the amount he feels it should have.

But, as I previously said, I feel CSO should have been clearer to avoid Mr B the inconvenience of bringing this complaint. So, I require it to pay £200 compensation for this.

my final decision

My final decision is Canada Square Operations Limited (formerly known as Egg Banking PLC) shall pay Mr B £200 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 October 2016.

Loucia Kyprianou
ombudsman