

complaint

Mr L complains that Hoist Finance UK Limited have chased him for a debt which is not his.

background

Mr L received a letter from a debt collector acting on behalf of Hoist regarding an outstanding debt. Mr L contacted Hoist in December 2015 and explained that he never took out this loan and doesn't owe any money.

Mr L was asked to contact the original owners of the debt which was company A. He was told to explain to company A that the loan was taken out fraudulently. Company A looked into the matter and said the loan was not taken out fraudulently.

Mr L remained unhappy with company A and Hoist and he asked our service to review things for him.

Our investigator carried out some further checks and was able to establish that Mr L was not responsible for the debt. She was satisfied based on the evidence she found that another person with the same name as Mr L was responsible for the debt. Because of the error made and the fact that it had taken a year to resolve this issue. She felt that Hoist should pay Mr L £500 for the distress and inconvenience caused to him. Hoist agreed that they were incorrect chasing Mr L for the debt but said £500 was excessive and offered Mr L £200.

Mr L didn't accept Hoist's offer of £200 and asked for the case to be reviewed 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.

Having done so, I've reached the same conclusion as the investigator.

There is no dispute that Mr L was chased for a debt in error. What I've considered is whether Hoist did enough to help Mr L and whether they took action within a reasonable time to put things right.

I don't think Hoist handled Mr L's concerns as well as it should've done in 2015. I say this because it referred Mr L to company A to look into things. It also confused matters by suggesting to Mr L that the loan could've been taken out fraudulently. This meant company A only considered whether the loan was genuine, which it was. It didn't consider whether Mr L had been wrongly linked to another individual.

When our service got involved we carried out searches and asked company A for a copy of the original loan agreement. Hoist hadn't looked at this information prior to our involvement. We noted from this that the national insurance number and the middle name on the application form didn't match Mr L. So, overall we were satisfied that Mr L wasn't responsible for the debt and had been chased in error.

This issue has inconvenienced Mr L. I don't think it was reasonable for Hoist to refer Mr L back to company A. I say this because Hoist was now the owner of the debt and it was

responsible for the actions of the debt collector. It should've done more to help Mr L throughout the case. Hoist did offer £200 compensation. But I don't think it takes into account that it took over a year for Hoist to accept it made a mistake. I don't think this was fair or reasonable.

I agree with the investigator that £500 would be a fair and reasonable to recognise the trouble and upset it caused Mr L.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it, I order Hoist Finance UK Limited to:

- Remove any information relating to this matter from Mr L's credit file; and
- Pay Mr L £500 compensation for the distress and inconvenience he has experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 July 2017.

Tracey Nugent
ombudsman