

complaint

Mrs T complains that Lowell Financial Limited (“LFL”) was wrong to send letters chasing a debt to her previous address and harass her for repayments she can’t afford.

background

Mrs T obtained a joint loan with a family member from a third party lender. In 2013 the debt was sold to Lowell Portfolio I Ltd. It instructed LFL to collect the debt. And Mrs T considers LFL :-

- wrongly cancelled the direct debit she set up to repay the original party lender;
- wants her to repay more than she can afford; and
- harassed her and misused her personal data causing her upset and embarrassment.

LFL accepts it sent four letters to Mrs T’s previous address. It says these were marked “private and confidential” so Mrs T’s personal information should not have been divulged. But it agrees to pay her £200 for any distress this caused. And it tried to discuss appropriate repayments with Mrs T - but she says she has no income. So it couldn’t agree a repayment plan that Mrs T might not be able to afford. And it froze her account so she could seek debt advice. But LFL says the debt is due and owing so it’s not wrong to seek payment.

Our adjudicator recommends the complaint should be upheld in part. She is satisfied LFL made a mistake when it sent correspondence to the wrong address – which caused Mrs T considerable embarrassment. So it’s fair that LFL should pay £200 compensation for that. But she’s not persuaded LFL’s contact with Mrs T has been unreasonable or that it has been unsympathetic to her financial situation.

Mrs T disagrees. She would like the debt to be written off.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have come to the same conclusions as our adjudicator for much the same reasons.

I can see Mrs T has experienced some difficult personal circumstances. And I appreciate it must have been upsetting for her to find debt chasing letters were sent to her previous address. But it’s not in dispute that Mrs T took out the loan and had the benefit of the money. Or that she is jointly and severally liable for the debt.

Mrs T had been making payments of £10 a month to the original lender, so I’m satisfied she knew about the debt and had been making efforts to repay it. I understand that she would have preferred to maintain her arrangement with the original lender. But I’m satisfied it sold the debt and cancelled Mrs T’s direct debit. So I can’t fairly criticise LFL for contacting Mrs T and asking for repayment.

Mrs T would rather LFL didn’t contact her – and she has undoubtedly found its communications upsetting. So I can see she feels harassed. But I’m satisfied the letters LFL sent explained who it was and told Mrs T about the debt it was instructed to recover. And I am not persuaded that the amount or content of LFL’s communications were inappropriate - or amounted to harassment in the circumstances. LFL did send some letters to the wrong

address. And I have no doubt Mrs T found this distressing. But LFL has agreed to pay her £200 compensation and I'm satisfied that's fair.

Mrs T says she sent LFL details of her financial situation several times, but it continued to chase her for money she can't afford to repay. LFL accepts Mrs T provided income and expenditure details once. But it says she didn't respond when it asked to discuss her financial situation so a repayment plan couldn't be agreed. I can see that LFL suggested Mrs T should contact free sources of debt advice, gave her time to do so and sign-posted relevant organisations. So I'm not persuaded its response was unreasonable.

I realise that Mrs T would like me to order the debt be written off. But on the available evidence I can see no grounds upon which it would be fair for me to do so. I encourage Mrs T to engage with LFL to agree the best way forward. She may prefer to do so with the assistance of one of the sources of free debt advice signposted already by our adjudicator. These organisations are able to negotiate with LFL, on Mrs T's behalf, to reach an outcome appropriate for her circumstances.

Mrs T told our adjudicator very recently that she considers the amount LFL is chasing is incorrect. She says it doesn't take into account repayments she made previously to the original lender. And she refers to an earlier court judgment which may have set the amount of instalment payments.

I can't see that she has raised this before with LFL – or with the original lender she made those payments to. It is still open to Mrs T to raise these concerns with LFL, the original lender and with Lowell Portfolio I Limited – the current owner of the debt. And, if she is dissatisfied with the response, she may be able to complain further to this service.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement, I require Lowell Financial Limited to pay Mrs T £200 for the upset and embarrassment she experienced. Under the rules of the Financial Ombudsman Service, I am required to ask Mrs T to accept or reject my decision before 1 May 2015.

Claire Jackson
ombudsman