

complaint

Miss D complains about a loan from WDFC UK Limited trading as Wonga.com (“Wonga”). Miss D says she repaid Wonga but was then pursued for the same debt by a debt collection company more than two years later, and paid it a second time. Miss D wants a refund and compensation from Wonga.

background

Miss D borrowed £360 from Wonga in December 2010, just after she repaid another Wonga loan. The new loan was due to be repaid in January 2011. Miss D says she repaid it, but Wonga says she didn't. Wonga suspended interest on the loan in March 2011, and sold the debt on to a debt collection company (“the debt collector”) in September 2013.

The debt collector then contacted Miss D seeking payment of around £775. Miss D says she paid this because she was “*worried about repercussions*”. She then complained to Wonga and - when she got no response - to us. Our adjudicator proposed that Wonga should:

- buy the debt back from the debt collector and agree a repayment plan with Miss D;
- recalculate the loan as though interest on the loan had been suspended in February rather than March 2011;
- reduce the loan balance by £150 to reflect distress caused to Miss D; and
- amend the information it had reported to Miss D's credit file accordingly.

Wonga didn't agree, and asked for an ombudsman to review the case. I then issued a provisional decision. Wonga didn't respond to my provisional decision but Miss D did, and I have taken her comments into account in my final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Miss D said her bank statements show she repaid the £360 loan in early 2011. But the bank statement Miss D gave us only covered the period in December 2010 when Miss D repaid her previous Wonga loan and received the new loan. The previous loan was repaid late and so Miss D had to pay Wonga extra interest and charges, which are shown on her bank statement and on Wonga's records.

I found provisionally that Miss D was probably confusing the payments she made to clear the previous loan with the payment she was due to make to the £360 loan, and that it was most likely that she didn't repay the £360 loan to Wonga in 2011. Miss D hasn't provided further evidence about this, so I now find that Miss D didn't repay the £360 loan in 2011.

In late 2013 Miss D paid the debt collector around £775, representing the £360 loan plus interest. So I found provisionally that there was no need for Wonga to repurchase the debt, to agree a repayment plan with Miss D, or to amend the information it has reported to her credit file. I noted the debt collector has told Miss D it has updated her credit file to show that the default on the loan has been satisfied.

In response to my provisional decision Miss D said “[the debt collector] *who were working for Wonga were paid £775, that is what I want back and compensation*”. But given my finding

that Miss D didn't repay Wonga in 2011, I find that it would not be fair to order Wonga to refund the payment she has now made to the debt collector.

In my provisional decision I also considered whether Wonga treated Miss D fairly in seeking repayment in early 2011 under a continuous payment authority (CPA), and in its treatment of the debt after March 2011.

continuous payment authority

Our adjudicator noted that between mid-January and late April 2011 Wonga used a CPA 118 times to try to take payment from Miss D. He thought this was unreasonable, and that Wonga should have realised Miss D was in financial difficulties. So he proposed that Wonga should recalculate the loan as though it had suspended interest on the loan in February rather than March 2011.

In response Wonga said Miss D had never claimed she was in financial difficulties, and that it had followed industry guidelines as well as the terms of the loan agreement. Wonga also said it shouldn't be expected to give up its contractual right to interest "*simply because a customer has indicated by non-payment alone that they may be in difficulties*".

My provisional view was that it was not reasonable of Wonga to try to use the CPA over 100 times in just over three months. That number of attempts was likely to cause distress and inconvenience to Miss D, and in my view the failure of each attempt should reasonably have put Wonga on notice earlier than March 2011 that in practice Miss D was unable to repay the loan, even though she had told Wonga she would pay it. I found provisionally that:

- Wonga should reasonably have concluded by mid-February 2011 that Miss D was not in a position to repay the loan, so her level of debt was likely to increase, and
- it should have offered to suspend interest on the loan then - when the outstanding debt totalled around £590 rather than £775 - in return for Miss D's co-operation in setting up a repayment plan.

events after March 2011

Our adjudicator asked Wonga why it didn't try to contact Miss D between March 2011, when it suspended interest on the loan and stopped trying to use the CPA, and September 2013 when it sold the debt. Wonga didn't respond, other than to note that Miss D had use of the loan for a long period after interest was frozen.

In my provisional view, Wonga should reasonably have foreseen that because it hadn't contacted Miss D in the two and a half years before it sold the debt on, she was likely to be distressed when the debt collector tried to obtain payment. I agreed that Miss D had the benefit of the loan until autumn 2013 without incurring further interest - but I found provisionally that in order to treat Miss D fairly, Wonga should have reminded her during that period that the debt was outstanding, and might be sold to a third party if Miss D didn't pay it.

Since Wonga didn't provide any further evidence or arguments in response to my provisional findings on these points, I now find that Wonga didn't treat Miss D fairly in seeking to recover the loan, and should compensate Miss D for that.

redress

I found provisionally that taking into account the interest of around £185 that Wonga added to the debt in March 2011, after it should have realised that Miss D wasn't able to repay the loan, it should pay Miss D total compensation of £300.

In her response to my provisional decision Miss D said Wonga's repeated use of a CPA "*should have been regulated*". Miss D also asked "*why did it take two years for the debt to be sold on?*" and "*why didn't Wonga keep phoning, they had my home phone number*". Miss D's comments are consistent with my provisional view that Wonga should pay compensation in this case. In the absence of any response to my provisional decision from Wonga, I find that my provisional proposal of £300 compensation is appropriate redress in this case.

my final decision

For the reasons set out above, my final decision is to uphold this complaint in part. I order WDFC UK Limited trading as Wonga.com to pay Miss D £300 in compensation.

Tony Stafford
ombudsman