

complaint

Mr and Mrs D complain that CitiFinancial Europe Plc ("CitiFinancial") should not have offset a payment protection insurance ("PPI") refund against their loan arrears. They also complain that CitiFinancial has been very slow to give them information they have asked for and to address their concerns.

background

I explained in my provisional decision of 16 October 2015 why I did not think that this complaint should be upheld. These are extracts from that decision:

"Mr and Mrs D's house was re-possessed in 2007. After the sale, an outstanding debt of around £8,784 remained on a secured loan.

CitiFinancial upheld Mr and Mrs D complaint that their PPI had been mis-sold to them. So it paid them redress of around £614. But CitiFinancial applied that redress against the outstanding debt that Mr and Mrs D still owed, rather than paying it to them directly.

Mr and Mrs D did not think that this was fair, and brought their complaint to this service."

"The sale of Mr and Mrs D's house did not clear their debts to CitiFinancial. I understand that Mr D is unwell, and that Mrs D's employment circumstances were badly affected by the sale of their property. So it seems likely that Mr and Mrs D would continue to struggle to pay off their debt to CitiFinancial.

The refund of the PPI charges plus 8% interest repaid to their account has reduced the amount still owing to around £8,169.

I fully appreciate why Mr and Mrs D would rather have had the refund for their PPI paid directly to them to dispose of as they thought appropriate. I understand that they have experienced significant difficulties and financial distress since their home was re-possessed. But I am satisfied that CitiFinancial was within its rights to apply the redress directly to the outstanding debts of Mr and Mrs D. So I do not uphold this element of their complaint.

Mr and Mrs D suggest that CitiFinancial should have reminded them that they had a PPI policy to claim on at the point when they first got into financial difficulties. As there was no requirement on CitiFinancial to be aware of – or to remind Mr and Mrs D of – the existence of insurance, this is not something that I can look in to.

But there is good evidence to suggest that CitiFinancial has been less than helpful or engaged with Mr and Mrs D's requests for information when they were struggling to understand the totality of their indebtedness.

Although I appreciate that many of the events took place a while ago, I do not think that entirely explains CitiFinancial's delays and lack of responses. I do not think that this was fair to Mr and Mrs D, who continue to wrestle with a very difficult financial situation. So I think that CitiFinancial should pay compensation for the consistently poor levels of customer service it has given to Mr and Mrs D."

I then asked both Mr and Mrs D and CitiFinancial to give me any further comments or information that they wanted me to consider before I made my final decision.

my findings

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

CitiFinancial has not responded to my provisional decision.

Mr and Mrs D have sent me a letter, explaining why they do not think that I have reached the right decision. Broadly they suggest that CitiFinancial may not have handled the repossession and sale correctly, and how unhelpful CitiFinancial has been.

I am very sympathetic to the difficult position that Mr and Mrs D have found themselves in. But the points they have made in their letter are very similar to those they have made previously and which I have carefully considered. It follows that they do not change my view of this case.

So while I realise this will be very disappointing for them, I do not uphold their complaint against CitiFinancial.

But that said, I still do not think CitiFinancial have given Mr and Mrs D an appropriate level of customer service and I make an award as a result.

While not forming part of my decision, and simply trying to help Mr and Mrs D understand what has happened, I would note that it appears that the debt from another lender that is still being pursued may actually be a credit card bill, rather anything to do with the secured loan.

I would encourage Mr and Mrs D to query the source of the continued debt with the other lender as a first step in understanding why they are still receiving demands.

my final decision

For the reasons set out in my provisional decision and above, I do not uphold Mr and Mrs D's complaint about how CitiFinancial Europe Plc repaid their PPI refund.

But I instruct CitiFinancial Europe Plc to pay £200 in compensation for the additional distress and anxiety that its slow responses to Mr and Mrs D's requests have caused them. It should pay the compensation directly to Mr and Mrs D, rather than offset it against their debt.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 21 December 2015.

If they do not accept my decision, it will not be binding on them or CitiFinancial Europe Plc.

Roxy Boyce
ombudsman