

## **complaint**

Miss C complains about the way Elderbridge Limited has communicated with her about a debt she owes.

## **background**

Miss C had a secured loan with a company – ‘A’ – which she was paying off through a payment plan. Towards the end of 2015 Miss C paid off the balance of her debt. But at this point the interest, which had been repressed and accruing separately from the capital balance, was reapplied to the account. Shortly after this Elderbridge bought the debt.

In February 2016 Elderbridge wrote to Miss C to tell her the account was in arrears and ask for payment. Miss C got in touch with Elderbridge to say she thought the debt had been paid off. She asked Elderbridge to send her a statement showing where the debt came from, and said she'd call again after she'd seen it to discuss payments.

Elderbridge sent the statements, but not until the end of April 2016. In the meantime it continued to send letters to Miss C about the arrears on her account.

Before she got the statements Miss C complained to Elderbridge – disputing the debt and complaining about how long it was taking to provide the statements. Elderbridge issued a response in June 2016.

In April 2017 Miss C complained again to Elderbridge and, dissatisfied with its response, brought her complaint to our service. Our investigator said we couldn't look into Miss C's concerns about the debt itself or the delays in providing the statements. She said Miss C had complained to us about these issues more than six months after Elderbridge provided its final response – and under our rules this meant we couldn't look into the matter.

But she thought Elderbridge had treated Miss C unfairly in the way it had corresponded with her in early 2016. She thought by continuing to send chaser letters when it knew Miss C was waiting to receive the statements it had caused her some upset. Our investigator thought Elderbridge should pay Miss C £200 for that.

Miss C accepted what our investigator said, but Elderbridge didn't. It said the arrears letters were sent automatically by its system when an account was in arrears and not on a payment plan. As this was the case for Miss C's debt, it thought it was fair for it to have sent the letters.

The investigator wasn't persuaded to change her mind so the case has been passed to me to make a decision.

## **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 agree with our investigator that Elderbridge has treated Miss C unfairly, and I'll explain why.

After she got Elderbridge's first letter in February 2016, Miss C called to discuss the debt. While she disputed the debt at that point, the call notes indicate she said she'd get in touch to discuss payments once she'd seen the statements showing where the debt came from.

So in the months that followed – while Miss C was waiting for the statements – nothing happened and no payments were made to the account. But Elderbridge knew why this was, and that Miss C was aware of the debt and had expressed a willingness to engage with it to make payments once she'd seen the statements. This wasn't a case where the borrower was uncooperative or uncontactable.

But Elderbridge continued to send letters – I've seen copies of four – over the next few months. The letters weren't threatening, but I don't think they were an accurate reflection of what was happening and I don't think Elderbridge should have sent them.

In March 2016 Elderbridge wrote to say it wanted to make contact to discuss the arrears and Miss C's options. But it knew she was waiting for the statement and had said she'd be in touch after that.

Later letters were headed "*RE: DEMAND FOR PAYMENT*" and said Miss C hadn't responded to recent correspondence and said the next step would be for Elderbridge to issue a notice of default and take "*further action*".

While these letters might have been automatically generated, Elderbridge was responsible for sending them. And it ought to have been apparent that, in this case, the normal letters weren't necessary or appropriate – because Miss C *had* responded, but arranging a payment plan was effectively on hold until she'd had the statements.

Miss C said that these letters upset her at a time when she was already feeling under pressure because of the discovery of this additional debt. I'm satisfied that by – in my view unreasonably – sending these letters Elderbridge caused Miss C some distress. I agree with the investigator that £200 represents fair compensation for that.

### **my final decision**

My final decision is that I uphold this complaint. Elderbridge Limited must pay Miss C £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 24 November 2017.

Luke Gordon  
**ombudsman**