

complaint

Mr J complains that MCO Capital Limited (trading as Speedcredit) pursued him for a debt that he did not owe and instructed debt collection agents.

background

Mr J applied for a loan from Speedcredit in October 2012 and although being informed that the funds had been sent to him, he never received any money to his bank account. He contacted Speedcredit to tell them and was told this was being looked into. But, he was contacted on numerous occasions by letter, text message and email saying that he had not made the required payments and told that additional charges were being applied and a default notice was sent. In November 2012 he was asked to provide a statement from his bank account and he faxed this to Speedcredit. It continued to require payment and instructed debt collection agents. In January 2013 it says the account was closed and all record of this debt at credit reference agencies was removed.

The adjudicator recommended that the complaint should be upheld. He noted that case notes held by Speedcredit suggest that it should have been aware there was a problem with the transfer even before Mr J told it about this. He said that he did not consider enough was done to investigate what had happened and that the contact from Speedcredit caused Mr J distress and inconvenience as did the referral of his account to debt collectors. He noted that Mr J had separately complained about the actions of the debt collectors after they were instructed and limited his recommended compensation of £250 to the consequences of the actions of Speedcredit.

Speedcredit did not agree and said, in summary, that it did investigate what had happened and the reminders sent to Mr J were automated. It says that the error was made by its bank and that it had sent a letter of apology to Mr J and had heard nothing from him after that, believing the matter to be resolved. It said that the compensation was disproportionate to the original loan of £200 and that its actions were marked by the complaint and its apology.

my findings

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

In doing this I have had regard to relevant guidance issued by the Office of Fair Trading in *"Debt Collection- OFT guidance for all businesses engaged in the recovery of consumer credit debts"*. In particular in Section 3.7 (o) it describes an example of an unfair or improper practice as *"ignoring and/or disregarding claims that debts have been settled or are disputed and continuing to make demands for payment without providing clear justification and/or evidence as to why the claims are not valid"*.

Mr J had a valid dispute and whilst this was being investigated I do not consider the actions taken by Speedcredit were fair. It mentions that the investigations took time and that its communications to Mr J were automated, but I do not consider this to be an acceptable explanation. I note that it seemed to rely on Mr J proving he did not have the funds when it was evident that it was its own bank that had not sent them. It continued to contact Mr J and instructed debt collectors.

I have reviewed the email that Speedcredit said was its apology to Mr J. This was dated before any final response and said that “..*we apologise if you believe the service you have received falls short of your expectation in any way*”. I do not consider that in this statement it takes any real responsibility for what happened.

As a result I agree that Mr J was caused significant distress and inconvenience. I am not persuaded about the relevance of the level of compensation to the level of debt, but note that the original debt with additional charges and interest was quoted as £767 by the end of November 2012. I assess that fair compensation of £250 is appropriate and proportionate.

my final decision

In light of the above, my decision is that I uphold this complaint. In full and final settlement I order MCO Capital Limited (trading as Speedcredit) to pay Mr J £250.

Michael Crewe
ombudsman