

complaint

Mr J complains about the way he was treated by Lending Stream Limited (LSL) when he found it difficult to make his loan repayments during a time of financial difficulty.

background

Mr J took out a loan with LSL in December 2010. Mr J wrote to LSL in July 2011 to tell it that he was finding it difficult to make his loan repayments due to financial difficulty. Mr J did not receive a response. He wrote again on several occasions in 2012 and 2013. Again LSL did not address his financial difficulties. It wrote to him in 2013 to tell Mr J that his debt was to be transferred to a debt agency.

Mr J wrote again to LSL several times in 2013. He was told the debt was being transferred back to it to manage. Again Mr J's financial difficulties were not addressed.

Mr J brought a complaint to us to consider in September 2015.

The adjudicator discussed the matter with LSL. It apologised for not responding to Mr J's letters. It offered to remove the charges and interest on the loan. This meant that Mr J only had to pay back the sum he had borrowed. The loan was for £500. Mr J had already repaid £125 so he owes £375. LSL has said it will reduce the sum owing to £325 to reflect the fact that it did not respond to his letters.

LSL also said that it would remove the default it had recorded from Mr J's credit file.

As Mr J has asked to repay the balance in instalments, LSL will record the debt as settled when the sum is paid off.

The adjudicator considered that the offer by LSL was reasonable.

Mr J would like an agreed timetable for the steps to be taken by LSL.

my findings

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

LSL agrees that it made mistakes when it failed to reply to Mr J's letters. It has apologised for this and has agreed to the following:

- The default will be removed from Mr J's credit file
- The interest and charges which have been added to his account will be removed
- The outstanding balance of £375 will be reduced to £350.
- The debt can be repaid in instalments. When it is paid off it will be recorded as settled.

I consider this offer is reasonable. Mr J would like it to be recorded in a timetable. Number 2 and number 3 can take place immediately if they have not already happened. LSL can also contact credit agencies straightway to remove the default if they have not already done so. There may be a short delay while the request is processed by the credit agencies.

I would urge LSL to carry out the steps it has offered as soon as is reasonably practicable given that Mr J has already experienced delays in the service he has received from LSL.

I am not able to say when the debt is to be recorded as settled. This will depend on the payment arrangement agreed between Mr J and LSL. Once he has paid off the outstanding debt, I would expect LSL to record this information on Mr J's credit file within a reasonable period.

Mr J has queried whether the offer from LSL is legally binding. If he chooses to accept the offer, then it will be legally binding. It can be enforced in court if LSL does not comply with it. I would however hope that this would not be necessary.

my final decision

My decision is that Lending Stream Limited should do the following as it has agreed to:

- Remove the default from Mr J's credit file
- Remove interest and charges which have been added to his balance
- Reduce his outstanding loan to £350
- Record his debt as settled once Mr J has paid it off.

All these steps should take place as soon as is reasonably practicable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 25 February 2016.

Rosemary Lloyd
ombudsman