

complaint

Mr L complains Kapama Limited ("Kapama") hasn't treated him fairly, despite knowing about his financial difficulties.

background

Mr L was provided with a rolling credit facility by a different lender in 2013. Although he was able to borrow up to £520 he only took £100. When the facility was due to expire, Mr L wasn't able to repay the lender. He said he was in financial difficulties, and the lender sent him some documents to complete and return by fax.

Although Mr L was unable to respond by fax, he told us he asked if he could provide the information the lender wanted using a different method, but it said he couldn't.

The lender then went on to pass the debt to a debt collector before selling the account to Kapama. And Kapama seems to have then used that same collection agent.

Mr L raised a complaint about the amount of charges that had been added to his debt, but Kapama didn't respond. He then asked this service to look into what happened.

Our adjudicator thought Kapama should have done more when it first reviewed the account. And while he agreed it had done the right thing by not applying further interest or charges he thought it, and its agent, should have realised the amount of fees applied to the debt were unreasonable. So he recommended that Kapama:-

- Waive all interest and charges from April 2013 onwards, which was when Mr L first raised his financial difficulties.
- Remove adverse information from Mr L's credit file.
- Provide a redemption statement to Mr L.

Kapama didn't respond to our adjudicator, so the complaint's been referred to me for a final 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.

Although Kapama hasn't applied any additional charges since it bought Mr L's debt, this alone doesn't mean it's treating Mr L positively and sympathetically. For example, I can see from the contract Mr L had with the original lender that each *attempt charge*, meaning the fee applied for an attempt to collect the money owed from his account, was £5. But he's been charged £225 in attempt fees. This shows there were 45 failed attempts to collect money owed to the original lender; presumably despite of Mr L's contact with it to try to agree a way forward.

I think when Kapama bought the debt it should have reviewed the position. And, on doing this, as it should reasonably have been aware of Mr L's difficulties should have then thought about the amount it could fairly ask him to pay. It didn't do this, so I don't believe it's done enough in the circumstances.

However, having said that, I don't think it would be fair to remove all adverse information that's been applied to Mr L's credit file. We know he wasn't in a position to repay his debt, so a default is a true reflection of what actually happened. Instead, Kapama should make sure the information it has reported is consistent with the rest of this decision.

final decision

My final decision is that to resolve this complaint, Kapama Limited should:-

- Remove all charges and interest applied on or after 3 April 2013 from Mr L's account.
- Amend the information recorded on Mr L's credit file to show the amended balances.
- Provide Mr L with a redemption statement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 19 January 2017.

Ashley L B More
ombudsman