

complaint

Ms F complains that Everyday Loans Limited mis-sold a loan to her and prevented her from cancelling it. She says it later sold the loan on to a debt purchaser which pursued her for the balance, causing her stress and health difficulties.

background

Ms F took out a loan for £2,100 in April 2008. There was an additional amount for insurance added to the premium which Ms F says she never agreed to.

Ms F says her understanding of English was poor when she signed the agreement and she did not understand what the interest rate was on the loan. She says she was told the interest rate after signing the agreement and, as she felt this rate was too high, immediately asked to cancel. She says she was told she would get a cancellation form within a 14-day 'cooling off' period. Ms F says the form never arrived despite her making calls to Everyday Loans to request it.

Ms F made five payments on the loan and then stopped. In April 2009 the debt was acquired by a debt purchaser. Interest was frozen on the loan. Ms F wrote to the debt purchaser and Everyday Loans to dispute the interest rate and said she had asked several times for cancellation documents. She said she was having difficulties paying the amount requested.

A reduced payment plan was agreed by the debt purchaser and Ms F continued to make reduced payments on the loan. Ms F was later diagnosed with a serious health condition.

Ms F stopped making payments around July 2012 and brought her complaint to us. She had made payments of around £3,700 on the loan.

Everyday Loans said part of the insurance cover was mis-sold and agreed to buy back the remainder of the balance of around £1,800 and write it off. However, it did not consider the core loan was mis-sold and said that Ms F did not try to cancel within the 30-day cancellation period it offers.

Our adjudicator did not find that the core loan was mis-sold. He felt Ms F would have understood the interest rate on the loan as it was clearly expressed numerically on the loan agreement she signed. He was not persuaded Ms F had asked to cancel the loan at an early stage.

The adjudicator was persuaded that Ms F had not agreed to the insurance cover but felt that Everyday Loans' action in writing off the remaining balance of the loan was fair and reasonable as it was likely to exceed any amount she would recover for a successful insurance mis-sale claim.

Ms F disagreed. She wants the loan balance written off and a refund of all interest and charges paid to date. She also wants compensation for the adverse affects on her health she says this matter has caused by being sold to the debt purchaser.

my findings

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

The documentation submitted to me indicates Ms F approached Everyday Loans and told it she had particular reasons for the loan. She provided information to Everyday Loans in response to its affordability checks. There is no indication that Ms F was pressured into the agreement or given misleading information.

I note that Ms F says English was not her first language. However, the interest rate was clearly expressed on the loan agreement. I find that on balance Ms F would have been aware of the interest rate before signing the agreement.

Ms F says she tried to cancel the agreement at an early stage. However, I do not think Ms F's actions are consistent with what she has said. Ms F appears to have spent the funds from the loan shortly after receiving them, and she also made five payments on the loan.

Ms F does state in a letter of complaint that she thought the agreement was misrepresented.

However, this was sent around a year after she stopped making repayments and after she was contacted by the debt purchaser. I note that Ms F says she phoned Everyday Loans to request cancellation before this, but there is no supporting evidence for this.

For the reasons outlined above I am not persuaded that Ms F was mis-sold the loan or that she tried to cancel within the cancellation period.

Everyday Loans has accepted that the insurance protection part of the loan was mis-sold and written off the remaining balance of the loan to reflect this. As the balance appears to exceed the amount Ms F has paid for the insurance premium including interest, I feel this is a reasonable response.

Ms F is not happy that Everyday Loans sold the debt to a debt purchaser. However Ms F stopped making payments and Everyday Loans tried to contact her before it sold the debt on. I am not persuaded that Everyday Loans was acting unreasonably here.

Ms F complains about the actions of the third party which purchased the debt from Everyday Loans. I believe this matter should be dealt with as a separate complaint against that third party. If Ms F wishes to bring a complaint against this third party she may do so, however, I have only considered the actions of Everyday Loans in this decision.

I am sorry to hear about the health difficulties Ms F has experienced, however in this instance I cannot uphold her complaint.

my final decision

For the reasons I have explained, my final decision is that I do not uphold this complaint.

Mark Lancod
ombudsman