

complaint

Mrs T complains that Swift Advances Plc has not calculated the balance of her secured loan properly. She says she has repaid the loan but is frightened to stop making payments. She asks that Swift agrees the loan is repaid and says the worry is affecting her health.

background

Mrs T took out a loan of about £20,000 in 2004. It was repayable by monthly payments over 10 years. Mrs T says she has paid over £46,000 and Swift has told her she owes another £20,000. Mrs T is a pensioner and is struggling to maintain the payments. Mrs T had thought she owed about £2,000 or £4,000, as this was the amount Swift previously said she owed.

The adjudicator did not recommend that the complaint should be upheld. She said Mrs T had struggled to make loan repayments. The loan was in arrears and this led to additional interest and charges. The £2,000 and £4,000 amounts that Swift had written to Mrs T about were the loan arrears, not the whole amount owed. Swift had reduced the interest rate from 17.04% to 9.60% for a twelve month period and offered to refund charges of £2,158. The adjudicator said as Swift had not made an error in administering the account, this was reasonable.

Mrs T did not agree, saying she is unwell and cannot afford the repayments.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mrs T's loan account fell into arrears in early 2005. Mrs T was not able to clear the arrears and repay the loan within its 10 year term. A number of payment arrangements were not maintained.

The terms of the loan allow Swift to apply fees, charges and additional interest if payments are missed or returned and while the account is in arrears. It can also ask Mrs T to pay its costs, such as legal and debt collection expenses. Adding these to Mrs T's loan account increased the amount owed. While I can understand that Mrs T is upset, I don't think Swift made an error when it applied fees, charges and interest or calculated the amount of the loan to be repaid.

That said, this service does not consider it fair for charges to be applied in all circumstances. The adjudicator asked Swift whether any charges could be refunded to help Mrs T. After doing so, it offered to refund £2,158 of charges plus associated interest. I find this fair and reasonable in the circumstances. So, while I know Mrs T will be disappointed, I don't think I can reasonably require Swift to refund more charges or write off all or part of the remaining debt.

I know Mrs T is worried about repaying the loan. Swift must treat Mrs T fairly. It has reduced the interest rate for 12 months and agreed a repayment arrangement with Mrs T. I would

urge Mrs T to remain in contact with Swift with the aim of agreeing and maintaining suitable repayment arrangements.

my final decision

My decision is that Swift Advances Plc should refund charges of £2,158 plus associated interest, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 9 November 2015.

Ruth Stevenson
ombudsman