

complaint

Mr D complains about the way Instant Cash Loans Limited (trading as The Money Shop) has treated him and that it has recorded a default on his credit history.

background

Mr D took out a short term loan with Money Shop and it was extended at his request on three occasions. Mr D told The Money Shop that this was due to him having to pay some builders and was only a short term issue not a change in his circumstances. About three months later his situation was accepted as a hardship situation. No additional charges or interest were added to the account after that and Mr D subsequently made one further payment.

The Money Shop registered a default on his credit file. Mr D is unhappy about this and he has made a number of offers to pay off the outstanding balance but only on condition that the default is removed.

Our adjudicator partly upheld the complaint. In summary he considered that it was not reasonable for The Money Shop to wait three months from Mr D first asking for the loan to be extended before it accepted a hardship application. It should have been alerted to his financial difficulty when Mr D first said he could not pay the loan due to having to pay his builders. Consequently The Money Shop should recalculate the balance outstanding so that the proceeds from the repayment cheques logged on the system from 31 August 2013 onwards are used to reduce the £700 loan. It should also amend the information provided to credit reference agencies to reflect the recalculation and pay Mr D £100 for its failure to consider his difficulties positively and sympathetically.

The Money Shop did not agree with the adjudicator's recommendations. In summary it says that the loan was extended at the request of Mr D. The loan's terms and conditions allow further extensions to be given and it gave three which was the maximum allowed at the time by OFT guidelines. Mr D had said he only had a short term issue and his circumstances had not changed. Mr D had also said he was leaving the country. He had made a number of offers to repay the whole loan on condition the default was removed. But the credit file registration of the default was accurate.

Notwithstanding this The Money Shop offered as a gesture of goodwill:

- To credit the interest only extension payments from cheques due on 31 August 2013 onwards (the third extension) in the total amount of £133 and to offer a further reduction in the balance in the amount of £67.00. This would reduce the outstanding balance of £650 to £450.00.
- To amend the credit file registration to show the reducing balance in line with the interest payments made for the period specified above (being the third extension payment).

The adjudicator recommended Mr D consider this offer especially since the Money Shop was agreeing to amend the information on his credit file to show he was making some repayments towards the debt in 2013.

But Mr D has not agreed to this offer. He wants the default removed and as The Money Shop is not prepared to do so he says he is only prepared to pay £200 of the debt.

my findings

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

When Mr D first contacted The Money Shop seeking an extension he said there had been no change in his circumstances - he had paid some builders. Whether or not The Money Shop should reasonably have been alerted at that time to Mr D's financial hardship I note that it accepted a hardship application some three months later and so did not apply any further charges or interest.

It has now also offered to credit the interest only extension payments from the third extension in the total amount of £133 and to further reduce the outstanding balance by £67. This reduces Mr D's outstanding balance from £650 to £450. The Money Shop has also offered to amend Mr D's credit file registration to show that he was making some payments in 2013 and the balance on his account was reducing.

Furthermore, Mr D says he wants the default removed from his credit file. But I am not persuaded that would be fair or reasonable in the circumstances. The simple facts remain that Mr D's account was in arrears and he had not met the agreed payments on his account. As such his account was in default and I consider The Money Shop acted appropriately in correctly recording the default as it did. But if Mr D now accepts my decision (and The Money Shop's offer) it will be fair and reasonable for his credit record to be amended to show the reducing balance and payments made.

Overall, although I recognise Mr D's frustration and strength of feeling, in all the circumstances I consider that The Money Shop's offer is a fair and reasonable resolution of this complaint.

my final decision

My decision is that Instant Cash Loans Limited (trading as The Money Shop) should:

- Reduce the outstanding balance on Mr D's account by £200 to £450.00. (For the avoidance of doubt this is by crediting the interest only extension payments from cheques due on the third extension on 31 August 2013 onwards in the total sum of £133 and by making a further reduction of £67.00); and
- Amend Mr D's credit file registration to show the reducing balance and payments made in line with the above.

Stephen Cooper
ombudsman