

complaint

Miss M complains that Kapama Ltd ("Kapama") recorded incorrect information about her when a loan defaulted. She also believes the loan was mis-sold as it wasn't affordable.

background

Miss M took a loan of £220 from a different lender in November 2012 - due to be repaid on 24 December 2012. She wasn't able to repay as she was in financial difficulties, but kept in contact, explaining her situation. The loan was then defaulted April 2013.

Kapama purchased this debt in December 2014, but used the same agent as the previous lender to collect it.

When Miss M complained about how she'd been treated, it didn't think it had done anything wrong. But it did agree to accept a reduced amount to settle the debt owed. However, Miss M didn't think this was fair.

Our adjudicator considered the complaint, and didn't think Kapama had treated Miss M fairly.

He said it should have been clear to Kapama when it bought the debt that the amount of interest and charges applied had been excessive.

So he recommended Kapama should only be able to ask Miss M to pay the interest and charges applied up to 27 December 2012, and waive any of the fees relating to debt collection or the attempt fees.

Kapama didn't respond to us, so the complaint's now been passed to me for consideration and a 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.

Like the adjudicator, I think Kapama should have considered the amount it was asking Miss M to repay when it bought the debt; particularly as it, and its agent, were already aware of her circumstances.

I know that Miss M had been working with Kapama's agent for some years before the sale of the debt, as it had also been instructed by the original lender. So I've no doubt Kapama should reasonably have been aware of the longer term financial difficulties she'd been facing. As such, I can't see how it could reasonably have expected her to pay the substantial additional charges the original lender had applied to her debt.

I think it's to Kapama's credit that it didn't apply any further interest or charges once it bought the debt, and I can't fairly say it should be held responsible for the original lending decision in this case. It's also offered to accept a reduced amount to settle the debt, which is good. However, I still think more should have been done to ensure it was acting in a positive and sympathetic manner.

As I'm satisfied that Kapama's agent knew about the problems Miss M faced from around the time the original loan was due to be repaid in December 2012, I don't think interest or charges should have been applied after 27 December 2012; which is when she contacted the collection agent.

my final decision

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

- Waive any interest applied after 27 December 2012.
- Remove debt collection and attempt fees from the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 13 January 2017.

Ashley L B More
ombudsman