

complaint

Mrs E complains that Leeds City Credit Union Limited changed the interest rates on her loan to coincide with her monthly payments. Further it allocated payments to itself on a preferential basis.

our initial conclusions

The adjudicator did not recommend that the complaint should be upheld. She considered that we had already considered Mrs E's complaint about interest charges in a previous complaint. The adjudicator did not consider that the Credit Union had allocated payments incorrectly or preferentially to itself.

Mrs E does not agree. She says that the Credit Union charged her interest on its loan when other creditors cancelled interest on the balances she owed.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mrs E and the business have provided.

The Credit Union has obtained a court judgement against Mrs E which requires her to repay the debt she owes to it. Her repayments were made from transfers from her membership account on a monthly basis. Mrs E says that this meant that the debt owed to Credit Union received payments in preference to her other creditors. This may have been the case. I do not however find that Credit Union acted unreasonably in taking monthly payments from her membership account to pay off the debt. It had a court judgement which confirmed she was required to repay it. The allocation of Mrs E's money towards the Credit Union debt was to her advantage. Interest was payable on this loan, whereas Mrs E's other creditors were not charging interest. If they had received payment in preference to Credit Union, the interest Mrs E would have to pay would have been higher.

When funds were available, payments were made by Credit Union towards all the creditors Mrs E owed money to. As such, I do not find that Credit Union has acted unreasonably in the way it has recovered the debt owed to it.

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs E either to accept or reject my decision before 12 December 2014.

Rosemary Lloyd
ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

We can only consider the actions of the Credit Union from 6 April 2007 when its activities came within our jurisdiction.

I note that Mrs E's complaint about the interest charged by Credit Union has already been considered by us, and so I have not dealt with it in my decision.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.