

complaint

Mr P complains that MEM Consumer Finance Limited (trading as Payday UK) is pursuing him for repayment of a payday loan.

background

Mr P had a loan from Payday UK in 2012. Mr P didn't make any repayments, so the account defaulted and the debt was later sold on. The debt collection agency then contacted Mr P for repayment. Mr P said Payday UK hadn't contacted him for three years about the debt. It didn't provide him with a statement of account or tell him who the debt had been sold to. Payday UK explained its attempts to contact Mr P and who the debt had been sold to. It said the debt collection agency could provide a statement of account.

Our adjudicator didn't recommend that the complaint should be upheld. She thought Mr P was reasonably aware that he had an outstanding balance owing. She thought Payday UK had made attempts to contact Mr P. She thought it likely that Payday UK had notified Mr P that the account had defaulted and been sold on.

Mr P replied asking for evidence that Payday UK had tried to contact him about the debt. He said he didn't want to repay a debt that may already have been repaid to another company.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can understand Mr P's frustration when he heard from Payday UK in 2016 that he still owed it money when he thought he had his affairs in order. I can also appreciate that he wants to make sure that he hasn't already repaid the debt through a third party.

Payday UK has provided us with its records of Mr P's account. I can see that he took out his last loan from it in November 2012. He didn't repay the loan on time and was charged a default fee and then daily interest for a month.

Payday UK said it made contact with Mr P to discuss the repayment between December 2012 and April 2013. I can see from its records that it spoke to Mr P after its attempt to take payment failed. It spoke to him again the following week and discussed further options. It then called him frequently to try to set up a repayment plan, but this didn't succeed. Its call records show that Mr P was told about the increased balance owed to due default charges. Payday UK last tried to contact Mr P in May 2013 and a default was placed on his credit file.

Payday UK hasn't provided us with copies of its letters to Mr P. So, like the adjudicator, I can't be certain that it told him that the default had been registered. But the process is set out in the loan application. And I think Payday UK explained Mr P's options in its calls to him.

I can appreciate that Mr P's finances were in turmoil at the time and he may have lost track of this debt. But I think Payday UK made reasonable attempts to make Mr P aware of his debt. I can't see that he made any payments towards it. Mr P hasn't provided any evidence from the debt assistance charity helping him that it had contact with Payday UK.

Payday UK's records show that it sent Mr P an annual statement in October 2016. It sold the debt on in December 2016. This was re-sold in January 2017. I can see that it sent Mr P a statement after he asked for one and it told him who the debt had been sold to. I can't see that Mr P made any payments to these companies. So I think he can be sure that the debt hasn't been repaid.

I can appreciate that Mr P feels frustrated that he wasn't contacted about the debt for three years. But I can't say that it was unreasonable for Payday UK to stop trying to contact Mr P as its previous contacts had been fruitless.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 October 2017.

Phillip Berechree
ombudsman