

complaint

Miss B is unhappy how Commsave Credit Union Limited has responded to her financial difficulties.

background

Miss B took out a loan in 2012. But she's struggled to make the repayments and has taken out other loans. She's now finding it difficult to pay her bills and support her family. She says she never signed anything to accept how much it was going to cost her. She only found out what the repayments would be after she'd received the money.

When she asked Commsave for help it said it would only lower her payments if she transferred her savings. But it would still be too expensive. Miss B can't access her savings for normal expenses because of the loans she has with Commsave. So she'd like to agree a lower repayment plan so she can meet her other costs.

Commsave told Miss B it had looked at all the options. And it thought the best solution was to transfer her savings to her outstanding loan. That would bring the monthly repayments down.

Our adjudicator looked into the matter. She wanted to see a copy of Commsave's business file to help her review Miss B's complaint. She tried to contact Commsave a number of times but wasn't able to get a response. So she had to provide her assessment on the information she'd seen.

Our adjudicator said lenders should ensure any loans applied for are affordable. And the repayments are sustainable. But because Commsave hadn't provided the relevant information she couldn't confirm it had carried out any checks to make sure the loan was appropriate.

She said businesses should treat customers who are experiencing financial difficulties positively and sympathetically. But she didn't think Commsave had done that. And it had caused Miss B further distress by delaying its response. So she said Commsave must contact Miss B and undertake an affordability assessment with her. And then act positively to reach an affordable and agreeable way forward.

She thought Commsave's inflexible approach had caused Miss B distress and inconvenience. So it should pay her £150 compensation.

Miss B updated us to say Commsave had offered to reduce her loan again by using her savings. And it would put her on a lower APR which would reduce her monthly payments.

Commsave didn't respond to our adjudicator's assessment. So the matter has passed to an ombudsman for a final 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.

I understand the stress Miss B must be under due to her financial difficulties. She's taken out a number of loans to try and get through a difficult period. And she now finds the monthly repayments are unaffordable.

Miss B has raised concerns about her loans. She didn't know what it would cost until after she'd received the money. Our adjudicator tried to contact Commsave to check if the arrangements were affordable and appropriate. But Commsave hasn't responded to any contact from our service. So I have to review this complaint on the information I have.

The main concern is to help Miss B reduce the financial pressure she feels under. And, as part of the banking code, I would expect Commsave to respond positively and sympathetically to her once it became aware of her problems. Commsave has contacted Miss B with one solution to lowering her repayments. But I don't think that's enough.

Miss B says Commsave lent irresponsibly to her and caused distress and financial pressure. Commsave needs to contact Miss B and conduct a proper assessment with her. And it needs to take a positive and sympathetic approach to finding an affordable way forward. This should include giving serious consideration to a period of lower monthly payments from Miss B to help her recover from the pressure and stress she's been placed in by its actions.

Our adjudicator felt Commsave's inflexible approach to Miss B's situation had caused her unnecessary anguish. And I agree. Commsave should pay Miss B £150 compensation for the distress and inconvenience suffered.

my final decision

My final decision is that I uphold this complaint. I direct Commsave Credit Union Limited to

- contact Miss B to undertake an affordability assessment with her;
- consider a period of lower monthly payments from Miss B; and
- pay £150 compensation to Miss B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 September 2017.

Andrew Mason
ombudsman