

complaint

Mr S complains that Link Financial Outsourcing Limited mishandled his debt and failed to honour agreements.

background

Mr S had debt which I believe he thought was being paid by his former girlfriend, but she had left the county and the bank sold the account to Link. The original sum owed was £9,493.25 and Mr S entered into an arrangement to pay £189.87 a month for 45 months and in turn Link agreed to a 10% discount on the money owed. It agreed that it would then record the debt as being paid in full on his credit file.

Mr S overpaid some of the monthly payments and after 12 months it appears Link reviewed the account and increased the payments to £250 per month. It seems that it didn't notify him. Mr S reverted to the previously agreed payments. In January 2018 he contacted Link to settle the remaining balance. At that point he owed £4,850 and his offer of £3,300 wasn't accepted but Link said that if he paid £3,395 his credit file record would show the debt as partially settled.

During these exchanges it seems there was some confusion and Link made a number of factual errors. Mr S brought his complaint to this service and it was considered by one of our investigators who recommended it be upheld. Mr S suggested that he be allowed to clear the debt with a payment of £2,000 and his credit file show it had been repaid in full. The investigator didn't think that was fair or reasonable. However he thought Link should honour its original arrangement from July 2016 in which it offered 10% discount and agreed to record the debt as paid in full once all the payments had been made.

The investigator noted several errors made by Link in its handling of the matter, including increasing the monthly payments to £250 without notifying Mr S and providing incorrect information about the debt. Link had apologised, but the investigator thought it should pay Mr S £200 compensation. Mr S didn't agree and said he had been lied to and the compensation wasn't sufficient for the distress he had suffered.

my findings

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

Firstly I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them.

I appreciate the strength of feeling shown by Mr S and his annoyance with the way Link has handled this matter. However, I also take note of the fact it offered to forgo some £950 which he owed. In the circumstances don't think it should be obliged to write off anymore of the debt, but if it did, then I don't think it would be right to record the debt as being paid in full. I recognise that Link has made errors, but that doesn't means that the debt should be reduced.

Those errors shouldn't prevent Mr S from paying what had been agreed in 2016 and I consider the solution suggested by the investigator to be fair and reasonable.

I appreciate that Mr S is seeking a larger sum to reflect the trouble and upset he has been caused, but I don't believe that taking account of the level of awards this service makes that a larger sum is merited. Link should have notified him of its annual review and the increase in payments, but when this was brought to its attention it apologised and reverted to the original agreement. It did get the payment details, but again corrected this, with an apology. I note that Mr S says he received unnecessary texts when the matter was in dispute, but Link says that it only sent one text for information purposes.

Any compensation is to cover the trouble and upset and is not a fine or penalty for the business. As I have said above I am not a regulator and so I cannot penalise the business.

To resolve this matter, Link Financial should do the following:

- honour the original agreement set out in July 2016 if Mr S wishes to have his debt recorded as fully settled;
- pay £200 compensation.

my final decision

My final decision is that I uphold this complaint and I direct Link Financial Outsourcing Limited to compensate Mr S as above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 December 2018.

Ivor Graham
ombudsman