

complaint

Miss C complains that Moneybarn No. 1 Limited ("Moneybarn") have made mistakes when applying late payment charges to her account and sending letters chasing payments when none were due.

background

Miss C set up a direct debit with Moneybarn on 15 December 2016. Payments were to be made on the first day of every month. In January 2018 she asked them to change the date of her February payment. They agreed to move it to 20 February and Miss C paid, in time, on 16 February.

But she was disappointed to find that a late payment charge was levied and the account was reported as overdue. She complained to Moneybarn and disputed the arrears. But whilst this dispute was in process Moneybarn charged for another late payment in March they said Miss C had consequently missed.

Moneybarn subsequently refunded the late payment charges. They explained that payment dates could only be moved 21 days past the date of the original payment day and Miss C's request to move the payment date exceeded this. So instead of delaying the February payment they brought the March payment forward. This led their system to log a missed payment in February and suggest the account was in arrears.

Our adjudicator didn't think they'd been fair. He understood Moneybarn's explanation around processing date delays but he thought if that was the case they should have explained the ramifications to Miss C and that this would have avoided her having to enter in to a payment plan with them to recover the arrears. He noted that Moneybarn had also been sending recovery letters to Miss C despite her account, and the payment plan to recover the arrears, being up to date. So overall he was not persuaded that Miss C had received a satisfactory level of service and he thought to put things right Moneybarn should pay Miss C £150 compensation and remove any adverse credit reports they may have recorded on her credit file in February and March 2018.

Moneybarn didn't respond so Miss C's complaint was referred for a final decision by an ombudsman.

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 agree with the adjudicator's view and for similar reasons. Please let me explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss C wanted to change her payment date because she was struggling to make the payment on the usual date. She clearly didn't want to make two payments in the month by bringing the following month's forward.

So regardless of the rules that understandably prohibit Moneybarn moving the payment date too far, they should have explained to Miss C it wasn't possible rather than move a future payment forward.

They were right to return the late payment charge here as I think they'd been unfair to Miss C and they were also right to remove the subsequent late payment charge they made, for a missed payment in March, when it was clear the arrears were in dispute and had been generated because Moneybarn hadn't explained the ramifications of the pay date change request being approved.

But it's clear Miss C has been inconvenienced by their actions. It's taken some time to clarify what's gone wrong and she's had to find an additional £20 per month to pay off arrears that were avoidable. She's also received letters to chase payments when she was up to date. So I think Moneybarn should compensate her for the distress and inconvenience their actions have caused her, and in the circumstances I think £150 is reasonable. They should also amend any adverse credit reports they may have made in the period.

my final decision

For the reasons I've given above I uphold this complaint and tell Moneybarn No. 1 Limited to:

- pay Miss C £150 to compensate her for the distress and inconvenience their actions have caused
- remove any adverse credit reports made to credit reference agencies about Miss C's account in February and March 2018

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 11 July 2019.

Phil McMahon
ombudsman