

complaint

Mr C complains that HFC Bank Limited failed to accept a substantial payment in 2005 in full settlement of his credit card debt.

our initial conclusions

The adjudicator did not recommend the complaint should be upheld. He concluded that Mr C had continued to use his card after he had made the payment and therefore it was not reasonable for HFC to write off the outstanding balance.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mr C and HFC Bank have provided.

Mr C says that he made a significant payment to his credit card account in 2005, which was in full and final settlement of his outstanding debt. However, the account was not closed and a debt remained. He says that he contacted HFC about this after he received his statement and that it promised to sort it out. He is now being chased by debt collectors.

I have carefully reviewed all the credit card statements since 2005, together with HFC's contact notes. I find that Mr C was in excess of his credit card limit in 2005 and the bank was chasing him to bring the account back within the limit. Mr C agreed to make an initial payment of £200 and then a substantial payment three weeks later. I am not persuaded, however, that HFC agreed that this was in full and final settlement of the debt. If it had done so, I consider HFC would have cancelled the card and closed the account. Instead, I find that Mr C made a further small payment in November and then increased the amount he owed by using the card in December. I also find that Mr C was aware that he had an outstanding debt because, in 2007, he agreed a repayment plan through a debt management company and HFC stopped charging interest. In the circumstances, I find that Mr C has had the benefit of the money and HFC (or its agents) is entitled to seek the repayment of the debt.

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C either to accept or reject my decision before 25 July 2013.

Karen Wharton

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

Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence.

I would remind the bank, and its agents, that there is an ongoing duty to treat customers experiencing financial difficulties positively and sympathetically.

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.