

complaint

Mrs H has complained about her loan with M for Money Credit Union Limited. M for Money took payments at dates other than those agreed.

Whilst the ombudsman service was considering her complaint, the credit union closed her loan, repaying the outstanding money from her share accounts held with the credit union.

background

I issued a provisional decision on 21 November 2013, which explained why I intended to uphold the complaint, in part, and I invited both Mrs H and M for Money to provide me with any further information they wished me to consider, in advance of my final decision.

Mrs H took out a loan of £3000 with M for Money in March 2012 and set up arrangements to pay the instalments on a monthly basis. The agreement covering this loan states that monthly payments of £150 are to be paid with the first payment being due on 1 May 2012. As soon as Mrs H was not making the regular payments of £150 on the first of the month, M for Money started to take monthly payments from her share account as loan repayments. When Mrs H was two months in arrears, M for Money paid off the loan by using money from Mrs H's share account.

In my provisional decision, I explained why I intended to partially uphold this complaint. I considered that:

- M for Money was at fault in one aspect only. They should have been specific about the monthly payment dates;
- Mrs H did not lose out because of how the interest was charged to her loan;
- M for Money behaved reasonably in closing Mrs H's loan account because of the arrears; and
- a payment of £100 to Mrs H for the inconvenience caused by the lack of repayment schedule is a reasonable settlement.

Whilst Mrs H accepted the decision, M for Money made detailed observations. I am not intending to refer to all of these within this final decision but suffice to say, I note the strength of their opinion. M for Money did point out that Mrs H had suffered no financial loss and in fact, paid less in interest charges as a result of their actions.

my findings

I have considered all the available evidence and arguments from the outset, to decide what is fair and reasonable in the circumstances of this complaint.

In my provisional decision, I explained why I had departed from the adjudicator's view and suggested remedies. In fact there was only one area where I thought that M for Money had been at fault – in not providing clear information about Mrs H's repayment schedule. In addition, I concluded that this lack of clarity caused Mrs H inconvenience and made it more difficult for her to manage her finances, which is why I was looking at redress of £100.

In essence M for Money did not dispute my main finding and in fact now plan to amend their loan agreement to ensure that customers have clear information about their repayment schedule. They did however dispute the financial award to Mrs H and they are concerned that this may lead to further complaints. I appreciate their concern but cannot get away from the fact that their actions did cause her inconvenience and I consider £100 to be fair and reasonable redress.

Although I have considered the further information provided by M for Money, on balance I conclude that there is no basis on which I should depart from my provisional decision.

my final decision

For the reasons set out above and in more detail in my provisional decision, my final decision is that I partially uphold this complaint and instruct M for Money Credit Union Limited to pay Mrs H £100 in full and final settlement.

Sandra Quinn
ombudsman