

complaint

Ms F is concerned that Digital Finance Services Limited (DFS) is seeking to recover a debt from her, but it's unable to explain the outstanding balance to her. She is also concerned that the initial loan of £200 has grown to an outstanding balance of over £2,000. She feels the added interest is unfair, she has received a poor customer service and DFS is refusing to accept payment through a debt management plan.

background

Ms F took out a payday loan in 2011 for £200. DFS bought the loan from the original lender – the date of the sale is unclear. Ms F says DFS contacted her about the outstanding debt in July 2014. She asked DFS for a statement of account so she could understand any interest and charges added to the debt.

She has told she was suffering from depression a few years ago, during which time she took out several payday loans. She is now feeling better and trying to repay her creditors. She entered into a debt management plan in 2013. She believes she added the loan to her debt management plan to make sure additional interest wouldn't be added.

DFS did provide a response, but it lacked any detail. It was then unable to reply to Ms F's requests for information as it had gone out of business.

my findings

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

Ms F has asked for information about the original agreement and the debt, which I would expect a business to be able to provide. DFS is unable to respond to requests for information. The liquidator has said it has no information at all about the business or the loan and has not been able to contact the director.

I have no information about the terms of the agreement, any repayments to the loan and the basis of any additional interest and charges.

Ms F does not dispute taking out the loan or the need to make a payment towards the outstanding balance. It seems she wants to repay her debt. She has suggested she repay a sum of £400 towards the debt. The adjudicator also recommended that DFS pay a sum of £100 to Ms F for distress and inconvenience.

I think the payment of £400 is a sensible solution here. DFS should be reduce this to £300 to make sure Ms F receives the benefit of the award to compensate her for the distress and inconvenience caused by its failure to contact her and provide the information she requested.

It is not clear whether Ms F wants to repay the balance of £300 by way of a lump sum or instalments. But this would be a matter for Ms F and the liquidator to work out between them if Ms F accepts my decision.

my final decision

My final decision is Digital Financial Services UK Limited should accept the sum of £300 in full and final settlement of the outstanding debt owed by Ms F.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 17 September 2015.

Juliana Francis
ombudsman