

complaint

Mr S complains that Instant Cash Loans Limited, trading as The Money Shop, acted unfairly in selling the outstanding balance of one of his loans to a third party debt collector.

background

In 2012 and 2013, Mr S took out four loans with The Money Shop. Mr S didn't repay the fourth loan and in December 2016, The Money Shop sold the amount outstanding on loan four to a third party debt collector.

In 2017, Mr S complained to The Money Shop about the loans. In April 2017, The Money Shop offered Mr S a refund of some of the interest on loan three, in full and final settlement of his complaint. Mr S accepted the offer. The terms of his acceptance are in dispute and I'll refer to that in more detail below.

Mr S complains that The Money Shop shouldn't have sold the balance outstanding on loan four to the third party debt collector, as its settlement of his complaint included all the money he owed. He says that when he accepted The Money Shop's offer to settle his complaint he did so on the basis that it would write off any amount he still owed.

Our adjudicator initially thought that The Money Shop should buy back and write off the debt but further information came to light and he changed his view. The adjudicator said that The Money Shop told Mr S that its offer didn't include the balance of the loan they'd sold to the third party debt collector. So, he couldn't reasonably ask it to buy back and write off the debt.

my findings

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

The terms and conditions of the loan provide that The Money Shop may transfer the loan to a third party. Mr S says it was unfair for The Money Shop to do that here. I'm afraid I don't agree and I'll explain why.

In response to The Money Shop's offer to settle his complaint, Mr S said:

"This offer of settlement is accepted on the following basis

- *[...]*
- *The offer is accepted as full and final settlement of my claims against The Money Shop and the Money Shop right off any amounts they consider am currently owing to the Money Shop in Full...."(sic)*

The Money Shop had already sold the balance of loan four to the third party debt collector when it made its offer to Mr S and had told him that. So, Mr S didn't owe money to The Money Shop at that stage: he owed it to the third party debt collector.

In any event, The Money Shop has provided a note of its phone call with Mr S about its offer and his acceptance, which says:

“...Explained loan refund relates to loans prior to his final loan which is now with [the third party debt collector] so debt will not be written off. Advised customer can use funds if he wishes to pay [the third party debt collector].”

I'm sorry to disappoint Mr S but, based on what I've seen, I don't think The Money Shop treated him unfairly in selling the balance of his loan to a third party debt collector and there's no basis on which to direct it to buy back the loan and write off the debt.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 November 2018.

Louise Povey
ombudsman