

complaint

Mrs W complains that Bank of Ireland (UK) plc passed her credit card account to a debt collections agency without telling her. She was repaying a set amount each month and believes the debt should now be paid off. She thinks Bank of Ireland added interest to what she owed when it said this wouldn't happen.

background

Mrs W had a Post Office credit card, which was provided by Bank of Ireland. Her personal circumstances changed in 2008 and she began experiencing some financial difficulties.

When she was unable to meet the regular monthly payments to the credit card, Bank of Ireland issued a default notice on her account. Mrs W's credit card was revoked in July 2011. She spoke with Bank of Ireland and agreed a payment arrangement where she would pay £30 a month through the Post Office.

In early 2012, Mrs W spoke to Bank of Ireland to say she couldn't make a payment that month. It said her agreement would stay in place if the payment was made within two weeks. Mrs W made the payment four weeks later. Bank of Ireland passed her account to a debt collections agency as she hadn't met the agreement.

The debt collections agency contacted Mrs W by text message and called her about the debt repayment. She wasn't happy with this situation. She asked Bank of Ireland to take back the management of her account and let her continue with the payment arrangement as before. She carried on making payments but didn't hear anything further from the Post Office or Bank of Ireland. By mid 2015, she believed she'd paid off what she owed and stopped making any payments.

But Mrs W's account hadn't been taken back by Bank of Ireland. It had stayed with the debt collection agency. It contacted Mrs W when she didn't make any more payments. There was still a balance owed on her credit card debt.

Mrs W complained to Bank of Ireland about the way she'd been treated. She didn't agree that the debt collection agency should've become involved. She expected contact from Bank of Ireland but she heard nothing. She didn't think she owed any more money.

Our adjudicator didn't think the complaint should be upheld as she thought Bank of Ireland had acted reasonably. She looked at the statements from Mrs W's account and agreed with the calculation of the balance Bank of Ireland said was outstanding. The adjudicator said Bank of Ireland had offered help to Mrs W when she told it she was experiencing financial difficulty. It had agreed a repayment arrangement and stopped any interest or fees being added to the balance. In response to Mrs W's complaint in 2016, it refunded the late payment fees and interest charged between 2010 and 2011 which totalled £161.99. It also offered to pay Mrs W £75 for the delays in addressing her complaint and the adjudicator thought this was fair.

Mrs W didn't accept the adjudicator's findings. She didn't believe Bank of Ireland followed the correct process as it didn't take back the management of her account. She received no communication from Bank of Ireland at all and didn't owe it any more money. She didn't think £75 was enough compensation.

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'm sorry for Mrs W's situation and for the troubles she's experienced. I can appreciate that it has been confusing and upsetting to be contacted by the debt collection agency when what she wanted was for the Post Office to keep the management of her account and to be able to carry on making regular payments to the account at the Post Office counter.

I've looked back over the history of what happened with Mrs W's account. I've read the responses she received when she first complained in 2012, and then again in 2016.

the balance on the credit card account

I've looked at the outstanding balance Mrs W had on her account when it was revoked in July 2011. At this time it was £2,593.97 and no further interest or charges were added to this. I've seen this from the reproduced statements of her account since then. Mrs W made payments of £30 a month until she stopped this in May 2015. So the overall amount she paid to the debt wasn't enough to fully repay her balance.

Bank of Ireland refunded £161.99 in late payment fees and the interest these incurred in February 2012. This was applied to reduce the outstanding balance. However, there is still an amount owing on the debt – it hasn't been fully cleared. Because of this, I don't think it would be fair to require Bank of Ireland to write off this outstanding amount.

the transfer of the account to the debt collections agency

As I understand it, the management of the debt was outsourced to an external agency because the amount Mrs W could afford to pay was less than Bank of Ireland's criteria for managing the debt reduction itself. The agency manages the debt collection on Bank of Ireland's behalf.

But when Mrs W complained about being contacted by the debt collection agency in 2012, she was told the management of her account would be brought back under Bank of Ireland. However this didn't happen. As the adjudicator has said, Bank of Ireland's letter to Mrs W about this could've been clearer.

I accept that the information in the letter didn't turn out to be right because it was then realised that the debt couldn't be taken back and had to stay with the collections agency. But the contact notes show the agency was speaking with Mrs W through this time about the repayment of the debt – both by phone and by email. The debt collections agency agreed to keep the amount and method of making the payment the same. There are also notes to say that Mrs W didn't want to be contacted by the debt collections agency and so it would just monitor her account.

I can understand that Mrs W was unhappy and upset about the involvement of the debt collections agency. But it was managing the repayment of the credit card balance on behalf of Bank of Ireland. I don't think it was unfair or inappropriate for the debt to be managed like this.

lack of contact from Post Office/Bank of Ireland

Mrs W's account was transferred to the debt collection agency in 2012, and from then the management of the debt wasn't with the Post Office or Bank of Ireland anymore. So I wouldn't have expected Mrs W to receive any statements or updates directly from Bank of Ireland about her remaining balance. The contact notes showed that Mrs W asked not to be called by the debt collection agency. Although I do understand her reasons for this – the lack of contact didn't mean the original debt was no longer owed.

In all the circumstances, I think Bank of Ireland has acted fairly and reasonably with the way it has dealt with Mrs W's credit card account. It has offered to pay Mrs W £75 to recognise its delay in addressing her complaint and I think that's a fair resolution.

There is still a balance on the credit card debt, and I leave it for Mrs W to contact the debt collections agency to talk about an arrangement to repay this.

my final decision

My decision is that Bank of Ireland (UK) plc should pay Mrs W £75, as it has already offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 13 March 2017.

Cathy Bovan
ombudsman