

complaint

Miss M is unhappy about the amount of money Kapama Limited (Kapama) is asking her to pay.

background

Miss M took out a loan for £100. The debt was purchased by Kapama who had instructed a debt collector to collect the loan. The debt had increased to £815. Miss M didn't think it was fair that she had to repay this much - given the original loan amount. She was also frustrated by the fact she couldn't get a clear answer from the debt collector as to how the figure had been arrived at.

She asked us to look at her complaint. She wanted the debt reduced to the original £100 borrowed. We referred her complaint to Kapama in the first instance.

Kapama explained it hadn't applied any additional charges to the account. It provided the statement of account which it said showed the additional charges had been applied by the original loan provider. It said Miss M had not made any repayments towards the loan.

Our adjudicator thought the charges that had been applied by the original loan provider were excessive and that Kapama should've been aware of this at the time it purchased the debt. So she asked it to reduce the amount owed to £345.

Kapama did not respond to our adjudicator's view. So the matter needs an ombudsman's decision. Miss M didn't provide any further comments for me to consider.

my findings

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

When Kapama took over the account, Miss M's debt stood at around £815. The majority of this appears to relate to charges for failed attempts to collect payments. There are also default and debt collection charges - as well as interest on the loan.

Miss M has had the benefit of the money that she borrowed and I therefore think it reasonable that she repays the principal sum. Indeed, Miss M accepts this. I also think it is reasonable to expect Miss M to pay the interest attached to the loan, as she would've agreed to this at the time she took out the loan. And I think it reasonable that she pay some of the charges applied as a result of the loan repayments falling into arrears.

However, the significant 'attempt charges' appear to me to be excessive and I think this would have been obvious to Kapama when it took over the debt.

I therefore think Kapama should reduce the debt as suggested by our adjudicator. It should remove the 'attempt charges' of £420 and £50 of the debt collection charges. This will reduce the outstanding balance to £345.

If Miss M decides to accept this decision (and indeed even if she does not) it remains open to her to contact Kapama to discuss an affordable repayment plan based on any income/expenditure assessment that it may require her to undertake. I would remind

Kapama of its responsibilities to treat customers who are in financial difficulties in a positive and sympathetic manner.

my final decision

My final decision is that I uphold this complaint. To settle it Kapama Limited should reduce the outstanding balance owed by Miss M to £345.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 20 March 2017.

Siobhan Kelly
ombudsman