

complaint

Mr Q has complained that Web Loan Processing Limited (trading as Toothfairy Finance) did not treat him sympathetically and positively when he told them he was in financial difficulties.

background

Mr Q had a loan with Toothfairy Finance which he was due to repay in December 2012. He phoned to tell them he was having difficulties repaying and they did not agree to freeze interest. Mr Q got help from a debt advice agency. Toothfairy Finance continued to say that they would not freeze interest as they did not consider the repayments proposed to be enough.

Toothfairy Finance subsequently entered administration and Mr Q's debt has been taken over by a third party. Mr Q brought his complaint to the ombudsman service.

Our adjudicator recommended that Mr Q's complaint should be upheld and suggested interest and charges should be frozen from 7 December 2012 onwards. He also said that Mr Q's debt should be reduced by £200 as compensation for the distress caused to him.

The administrators for Toothfairy Finance have agreed to pass on any ombudsman's decision to the company taking on Mr Q's debt.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive, or contradictory, as some of it is here, I reach my decision on a balance of probabilities – that is to say, what I consider is most likely to have happened in the light of the evidence that is available and the wider surrounding circumstances.

It's worth stating upfront that as Toothfairy Finance are in administration, they have not been in a position to provide us with any information about why they would not accept the repayment programme and freeze Mr Q's interest and charges.

However, that has no impact on the decision I am making. I have reviewed Mr Q's verbal and written evidence and I have no reason to doubt what he says and what he has provided to us.

I believe that Mr Q is in financial difficulties and took steps to tell Toothfairy Finance what was happening. There is an obligation on a lender to treat a customer sympathetically and positively when told that a customer is having difficulties repaying a debt. From the tenor of the emails that Mr Q has provided to us, there is no evidence to indicate that Toothfairy Finance took this responsibility on board.

Certainly, their collection agents continued to pursue Mr Q for repayment and interest, and charges added up considerably. In early December 2012, Mr Q's debt amounted to £472 and increased to nearly £2,000. Whilst their action does not form part of this complaint, I do consider their behaviour to verge on harassment.

On balance, I am satisfied that there is sufficient evidence for me to conclude that Toothfairy Finance has not treated Mr Q fairly. Therefore, I consider it fair and reasonable

that no interest and charges should be applied to Mr Q's loan from 7 December 2012 onwards. Mr Q has been extremely distressed by how he has been chased for this debt and it would, therefore, be fair that further compensation is provided. I consider it reasonable that £200 be taken off Mr Q's outstanding debt.

Whilst I have no authority to direct the administrators and the company that has now taken over this debt to implement this decision, I do hope they consider that it should be implemented in full as this service wishes.

my final decision

For the reasons set out above, my final decision is to uphold Mr Q's complaint and instruct Web Loan Processing Limited (trading as Toothfairy Finance) to:

- Freeze interest and charges on Mr Q's loan from 7 December 2012 onwards; and
- Offset the outstanding debt by £200 as compensation for the distress caused to Mr Q.

Sandra Quinn
ombudsman