

complaint

Mr T complains that MEM Consumer Finance Limited (trading as Payday UK) won't accept that he paid off a loan after it passed the debt to third party collectors.

background

In 2009 Mr T took out a loan with Payday UK. He had some financial difficulties and Payday UK passed the debt to external collectors in 2010. Mr T says he paid off the debt, by making a partial settlement, years ago. And he hasn't heard from the debt collectors or Payday UK since. But when he checked his credit file this year the debt's recorded as outstanding but up to date. He contacted Payday UK for an explanation. And it told him the debt's not paid off and the up to date status was a mistake. Mr T says that's unfair. He wants Payday UK to accept the debt's been settled already and mark his credit record accordingly.

Payday UK says its third party collectors report regularly - and would have told Payday UK if this debt had been paid off. It has no record of Mr T making any payment since 2013 and the debt remains due so Mr T should pay it.

Our adjudicator's satisfied records provided by Payday UK and the third party collectors show Mr T was making payments until April 2013. Then he discussed options with the collectors but no agreement seems to have been reached. And the account was returned to Payday UK in 2014 because a settlement hadn't been achieved. So she's not persuaded the debt was paid off and doesn't recommend the complaint be upheld.

Mr T says he's been treated unfairly. And he's worse off now than if he'd never raised the matter with Payday UK earlier this year. He'd like to know why it didn't chase him for payment, and reported the debt was up to date with credit reference agencies, if he still owed the money.

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 have reached the same conclusions as our adjudicator for much the same reasons.

I can see it's been very frustrating for Mr T to find Payday UK wants him to repay a debt he thought was settled years ago. And I appreciate he considers Payday UK's failure to chase the debt, and decision to report it as up to date on his credit file, supports his position that the debt's been paid off.

Payday UK and its external collectors have provided notes of their contact with Mr T during the relevant time. I have considered these carefully. I'm satisfied they're reasonably detailed and consistent with events.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

For me to uphold this complaint, I must be satisfied Mr T's version of events is more likely than Payday UK's. It's not in dispute I think that Mr T made a series of small payments towards the debt until April 2013. He says he paid a reduced sum after that - which the third

party collectors agreed would finally pay off the debt. But he hasn't been able to provide evidence of that repayment.

According to the debt collector's notes a few different repayment options were discussed in June 2013. And I can see paying off a reduced sum was one of these. But the collectors told Mr T he would have to pay any reduced amount in one go, whereas he wanted to pay by instalments.

I'm satisfied there's no record of any further payment after that. And the external collectors have provided a copy of a letter sent to Mr T in early 2014 to say (amongst other things) that this account had been passed back to Payday UK. So, from the evidence I have seen, I am not persuaded I can safely find it's likely that this debt was repaid.

I appreciate this decision will disappoint Mr T. I realise he feels he's been treated unfairly. He asks why Payday UK didn't chase him for payment after it got the account back. But Payday UK's not required to chase money that's owed. And I can't reasonably conclude this debt's been settled already or should be written off on those grounds.

Payday UK accepts it didn't report the debt properly. And where a financial organisation provides the wrong information we generally require it to put the customer back in the position they would have been if the mistake hadn't been made. But we can't reasonably instruct a business to proceed as if that information were correct. I agree with our adjudicator it's unlikely the inaccurate reporting has affected Mr T adversely. So I can't fairly uphold this complaint on those grounds either.

For the reasons I have given, I can't reasonably conclude that Mr T doesn't owe this money. I encourage him to engage with Payday UK to agree the most appropriate way forward for his circumstances. He may wish to contact a free source of money advice for help with that. And I remind Payday UK of its ongoing obligations to treat customers experiencing financial difficulties sympathetically and positively.

my final decision

My decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 25 January 2016.

Claire Jackson
ombudsman