

complaint

Mrs H complains that John Lewis Financial Services Limited ("John Lewis") has not treated her fairly in that it appointed a debt collection agent who has treated her insensitively and caused her distress by wrongly demanding increased repayments towards her debt. She also says John Lewis would not clarify an acceptable settlement figure until this Service intervened, and has then set the amount at a level which does not take account of her health problems. She would like John Lewis to apologise, to compensate her for the distress caused and to accept a lower settlement figure.

background

Mrs H has a store card debt incurred with John Lewis. After the account defaulted, John Lewis referred it to a collections agency and a court order was issued to secure the debt against Mrs H's house. Since then, Mrs H has been making repayments of £1 per month towards the debt. In May 2014, the agency says Mrs H missed a repayment and contacted her regarding increasing her repayments or repaying the debt in full. Mrs H responded by saying her health issues did not make that possible, and says she was asked by the agency to send in evidence of those issues so they could be presented to John Lewis as part of a discussion about a possible settlement.

Mrs H says she heard nothing about these discussions, and when she tried to talk to the agency about them, it did not answer her queries and treated her rudely. Then in January 2015, she received a demand from the agency to increase her repayments to £7.50 per week. This caused her distress and when she raised her complaint with John Lewis about her treatment, the letter was confirmed as being a mistake and she was offered £200 for the distress she had experienced.

Mrs H would like to settle the debt and says John Lewis had previously said it would accept £3,000 as a full settlement. However, John Lewis now says it will only accept £10,000 as the debt is secured against the house. Mrs H does not believe this takes account of her medical problems.

Our adjudicator did not recommend that the complaint should be upheld. He considered that John Lewis had acknowledged that Mrs H had received poor customer service which had caused her distress and that this was adequately compensated by the offer of £200. He did not consider he could look more broadly at the conduct of the collections agency nor at how John Lewis handles other complaints as these are matters for the appropriate regulators. While he was able to confirm a settlement figure for Mrs H, he was not able to ask John Lewis to reduce this as he considered it was ultimately a matter for John Lewis' commercial discretion.

Mrs H does not agree, saying the crux of the complaint is the poor treatment by the collections agency.

my findings

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

Mrs H has raised several issues in her complaint, and I've dealt with these in turn, below.

poor customer service

Mrs H has raised several examples of what she views as poor customer service from the collections agency appointed by John Lewis. She ultimately put these concerns to John Lewis, which investigated them and found in particular that the incorrect letter asking Mrs H to pay more towards her debt should not have been sent. John Lewis offered Mrs H £200 compensation for the distress and inconvenience this caused. Mrs H has since emphasised her distress at the agency's failure to contact her about a missing £1 payment from May 2014, which she says she paid.

Having read through the investigation notes and records relating to the agency's treatment of Mrs H, I can understand why she was distressed, especially at the incorrect letter demanding increased payments at very short notice. I agree that this was unreasonable behaviour and that the agency should have been clearer in its communications with Mrs H. But I don't have evidence that it was rude in the way she suggests, and I do consider that John Lewis' offer of £200 compensation does show that it took this part of Mrs H's complaint very seriously. Because of this, I consider the offer is fair and reasonable in the circumstances, and I'm not going to ask John Lewis to increase it.

settlement amount

Mrs H is also unhappy that John Lewis will not allow her to make a reduced settlement payment to clear the debt, along the lines of the £3,000 which John Lewis had previously indicated it would accept. John Lewis has recently confirmed it would accept a final settlement of £10,000. Mrs H considers this does not take account of her medical issues and that John Lewis is not showing sensitivity towards her condition and situation.

I don't doubt that Mrs H finds it very stressful and upsetting to be locked into repaying a debt via a collections agency which has caused her considerable distress. I can understand why she wants to settle the debt, and why she is only able to offer a substantially reduced amount. But John Lewis isn't obliged to accept that offer and I can't require it to as this is a matter for its commercial discretion. John Lewis has secured the debt against Mrs H's house which enables it to accept very low monthly repayments, in the knowledge the debt will eventually be repaid in full. The business has offered to accept a reduced amount, but I can't make it reduce that figure any further.

other complaints

I appreciate that Mrs H is concerned that other debtors may have similar experiences to hers, and that she is anxious to prevent this if possible. Our role is limited to complaints about conduct of financial services providers. We're not the legal service regulator or ombudsman, so we can't look at complaints relating to solicitors' behaviours and it would be for the FCA to look at wider issues of John Lewis' conduct.

my final decision

John Lewis has offered to pay Mrs H £200 compensation for the distress caused by its collections agent. I consider this to be fair and reasonable in the circumstances. My decision is John Lewis should pay Mrs H £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 18 July 2016.

Catherine Wolthuisen
ombudsman