

## **complaint**

Mr C has complained about Black Horse Limited's handling of a debt he owed it, and an associated critical illness payment.

## **background**

Mr C entered into a loan agreement with Black Horse. The account fell into arrears, and Black Horse passed the debt on to a third party. Mr C also held an associated critical illness policy. A claim was made against it, which was successful. Black Horse transferred the payment to the third party.

Mr C has complained that he was not told the claim had been successful, the amount paid out was incorrect and the money should not have been paid to the third party owner of the debt. He also feels the debt should not have been passed on to the third party, as he already had an arrangement with Black Horse for paying it back. Further, he says he was told the debt had been passed to one third party, when in fact it had been passed to another.

The adjudicator recommended that the complaint should be upheld in part, because she felt Mr C had received poor customer service. However, she was satisfied that the payment figure was correct and that it had been appropriate for Black Horse to make the payment to the third party owner of the debt. As Mr C disagreed, the complaint has been passed to me for my final decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I agree with the adjudicator that Mr C received poor customer service at times. Specifically, it seems that correspondence that I am satisfied, on balance, he sent was not responded to. It also seems it was not conveyed to him that his critical illness claim had been successful and that a transfer had been made to the third party debt owner. Further, Mr C was sent other correspondence erroneously. I consider £150 compensation is appropriate to address the distress and inconvenience this caused.

I am satisfied that the payment figure was calculated correctly. That is because the terms and conditions expressly set out that the payment will not cover arrears – it is for this reason that not all of Mr C's outstanding sum has been covered, as much of it was made up of arrears. Further, Black Horse had no obligation to transfer the funds to Mr C. Rather, as the critical illness policy was taken out with the loan, I consider it appropriate for the transfer to have been made to the third party debt owner, to cover outstanding loan repayments.

If Mr C was incorrectly advised as to whom the debt had been passed, I am satisfied the position was made clear and that this would not have had any detrimental effect on Mr C. As regards the debt being passed on in the third party, I do not feel this was unreasonable of Black Horse. As the debt was owed, I consider it was entitled to pass it on to someone else to arrange payment. It had not made any agreement not to do so, and this is standard industry practice.

**my final decision**

For the reasons given above, it is my final decision to uphold this complaint in part. I require Black Horse Limited to pay Mr C £150 for the distress and inconvenience caused. I make no further award..

Elspeth Wood  
**ombudsman**