

complaint

Ms M complains that Mackenzie Hall Limited (MHL) didn't refund the £215.50 payment she made to them in respect of a payday loan account.

background

Ms M had an account with a payday lender between 2010 and 2014. The balance of this account was sold on to MHL, and then by MHL to another business. Ms M made payments to each of those.

Ms M later complained to the lender that her payday loan had been unaffordable, and the lender agreed, as a gesture of goodwill, to write off the loan and to give Ms M compensation. The business which had bought the balance of the debt from MHL offered to refund the money Ms M had paid to it. But, MHL didn't believe it was obliged to refund any of the payments Ms M had made to it before the original lender wrote off the debt.

Our adjudicator also didn't think MHL should refund anything to Ms M, because the payday lender's decision to write off the debt came after it was sold to MHL. He explained to Ms M that having debt written off doesn't mean that the debt never existed. It just means that the customer will no longer have to make further payments.

So the adjudicator felt it wasn't fair to ask MHL to make a refund, as at the time Ms M was making payments to MHL, the money was legitimately owing to it.

Ms M disagreed. The complaint has now come to me for final decision.

my findings

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

As the adjudicator explained, having the balance of a debt written off doesn't mean the debt never existed, or that previous payments should be refunded. It basically just means that nothing more needs to be paid.

Ms M had a responsibility to make payments to MHL when the debt was sold on to it. The same obligation applied to pay the other business, which bought the debt from MHL.

When the lender wrote off the debt, that other business agreed to refund Ms M the money she'd paid it. But it wasn't obliged to do so. Like MHL, it was legally entitled to the payments at the time. And just because it acted in a certain way after the write off, doesn't mean MHL must do the same.

So I can't agree it's fair to require MHL to refund the money Ms M paid while the debt was still in place.

my final decision

My final decision is I don't uphold this complaint. I make no award against Mackenzie Hall Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 4 December 2015.

Helen Moya
ombudsman