

complaint

Mr and Mrs A are complaining that Fluent Money Limited didn't pass on information about Mr A's creditors to a lender. This has meant that the lender wasn't able to pay off his debts from the proceeds of a loan they took out.

background

Mr and Mrs A asked Fluent Money to arrange a secured consumer buy-to-let loan. They intended to use part of the money from the loan to pay off some outstanding debts they had. Fluent Money arranged the loan and it was completed in October 2016. Under the terms of the loan, the lender had to pay off the debts that Mr and Mrs A had with the proceeds of the loan.

Mr and Mrs A later contacted Fluent Money because some of the payments didn't go through. It became apparent that the lender had used some incorrect details to make the payments, which meant the payments bounced back.

Mr and Mrs A complained to Fluent Money that it hadn't given the lender the correct information. Fluent Money said that one of the payments failed because the creditor had sold the debt on. The creditor had previously written to Mr and Mrs A to say that it was selling the debt in a few days' time, which was before the loan went through. And Fluent Money was given a copy of the letter, which it gave the lender. But the lender sent the money to the original creditor. Fluent Money accepted it was aware the debt had been sold on and it thought that it could've done more to highlight this to the lender.

Fluent Money said that it thinks Mr and Mrs A may have missed one monthly payment of around £350 as a result of this. So it offered them £350 in compensation. Mr and Mrs A didn't accept the offer. They say that they've had a number of business loans declined because of the missed payments. So they don't think £350 is adequate compensation for this. They think that Fluent Money should waive the fees that they paid for arranging the loan because of its error.

Our investigator didn't uphold the complaint as she thought £350 was fair compensation. Mr and Mrs A didn't agree and asked for an ombudsman to review the complaint.

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've decided to not uphold this complaint and I'd like to explain why.

The issues in this complaint arise from the fact that the lender used incorrect account details to pay off some debts that Mr and Mrs A had. Fluent Money wasn't responsible for paying off these debts – that was the responsibility of the lender.

Fluent Money isn't responsible for the actions of the lender. Its role was to pass on any information the lender needed to ensure the loan was administered correctly – including ensuring the payments were made to the creditors to pay off the debts.

It appears that three payments didn't go through correctly. The issue I have to decide is whether Fluent Money caused any of this. It's clear from the mortgage offer that the lender had details of all the creditors and the relevant account numbers. So I can't say that Fluent Money gave the lender incorrect information in this respect. One of the creditors wrote to Mr and Mrs A shortly before their loan application went through to explain that it was selling the debt to a third party. And Mr and Mrs A gave Fluent Money a copy of this letter.

Fluent Money has agreed it could've taken steps to ensure the lender was aware of this situation. So I don't need to decide whether it could've done more here. All I need to look at is whether £350 is fair compensation. I note Mr and Mrs A don't think that it is because they say this error has meant other lenders have declined business loan application as a result of the missed payments. But I don't agree.

It's clear from the loan application that Mr A had a poor credit history before they applied for the loan. And I think it's most likely that this was the reason their recent loan application was declined. So I can't say that Fluent Money was responsible for this.

Any error Fluent Money may have made was an administrative error, which may have delayed payment of the outstanding debt by about two months. But I don't think Mr and Mrs A have lost out financially because it seems that interest wasn't being added to the debt at the time. And I haven't seen anything to show that this has adversely affected their credit file. So I think £350 is more than I would've awarded in compensation, given everything that's happened. So I don't think Fluent Money needs to increase this offer.

I note that Mr and Mrs A think Fluent Money should refund the fees it's charged for arranging the loan. But I don't agree. It arranged a loan in line with Mr and Mrs A's instructions. And it's entitled to be paid for this.

my final decision

For the reasons I've set out above, I think Fluent Money Limited has offered Mr and Mrs A fair compensation given what's happened in this complaint. So I make no further award. Fluent Money Limited should pay this to them directly if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 21 August 2017.

Guy Mitchell
ombudsman