

complaint

Mrs G's unhappy that The Co-operative Bank Plc cancelled her personal career development loan ("PCDL") - even though she says she'd never missed a single payment - and sold it onto a debt collection agent. She wants the loan reinstated, her credit file amended, a written apology and compensation for the stress and anxiety she's been caused.

background

The Co-operative said it'd paid Mrs G £100 compensation which she'd declined. It's subsequently offered to increase this to a total of £300. It's also agreed to take Mrs G's account back from the debt collection agency but says it will not be able to reopen the loan on its systems meaning Mrs G won't be able to view the account online and it won't be able to send her letters or statements regarding the account which will be managed by its debt recovery unit.

Mrs G hasn't accepted The Co-operative's offer.

Our adjudicator felt this complaint should be upheld. She said:

- The terms and conditions of the PCDL say The Co-operative can transfer its rights and obligations under the agreement to another qualifying party. Here it's admitted it made a mistake sending a default notice and final demand to Mrs G. And that it wrongfully transferred her loan to the debt collection agency. But this was prompted by changes made as the PCDL wasn't compliant with the Consumer Credit Act.
- The Co-operative took a commercial decision to transfer all accounts that were shown as in arrears to the debt collection agency. That wrongly included Mrs G's loan. Here it wasn't an escalation of debt recovery action, it was merely a transfer of ownership and no adverse information will be recorded. As that's a commercial decision we can't interfere with it.
- Although The Co-operative's errors have caused Mrs G stress she hasn't suffered any financial loss and no adverse information has been recorded on her credit file. It's now up to Mrs G to decide if she wants her account transferred back to The Co-operative. And if she doesn't, she will need to contact the debt collection agents to make arrangements to repay the account.
- The Co-operative's offer of a total of £300 compensation is fair and reasonable. It's also agreed to send Mrs G an official letter of apology. She isn't asking it to do any more.

Mrs G doesn't agree and has asked for an ombudsman review. She says £300 compensation isn't enough. It doesn't reflect the distress she's been caused and the effect this has had on her health. She's also being offered an unsuitable account with The Co-operative's debt collecting team.

my findings

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

The Co-operative accepts it made mistakes. It appears that changes it made to Mrs G's PCDL, because of it not complying with the Consumer Credit Act, resulted in it treating the loan as being in arrears. It issued a default and transferred the loan to a debt collection agency even though it shouldn't have been subject to any further debt collection action.

Even so, as the adjudicator has pointed out, The Co-operative was entitled under the terms of the loan to transfer it to another suitable party at any time as a commercial decision.

What I must now consider is what The Co-operative should fairly and reasonably do to put things right.

The Co-operative has confirmed that because of the type of loan involved no adverse information has been recorded on Mrs G's credit file. And it's also recently agreed to send her a formal apology. That's fair.

The Co-operative has also offered to pay Mrs G a total of £300 compensation for the distress she's been caused. Mrs G says this isn't enough to compensate her for the stress and anxiety caused.

I accept this matter has been distressing for Mrs G and has caused her inconvenience. But there's no evidence from an expert medical supporting her suggestion that it's had an adverse affect on her health.

Taking everything into account, including the level of awards we make, I think a payment of a total of £300 compensation for the distress and inconvenience Mrs G's been caused is fair and I don't think I can reasonably ask The Co-operative to pay her any more.

I understand Mrs G's frustration at The Co-operative saying if it takes back her account it will be run by its debt recovery department with certain practical consequences. But this appears to be a reasonable solution given what's happened and issues with the PCDL not being compliant with the Consumer Credit Act.

I realise this proposal isn't Mrs G's ideal resolution to this case. But if she doesn't want to deal with the new owners of her account she will have to decide if she is prepared to accept this compromise to get the account back into the hands of The Co-operative. So, that's a decision I will leave her to make.

Overall, although understand Mrs G's strength of feeling, I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I uphold this complaint. To put things right The Co-operative Bank Plc should, if it hasn't done so already, pay Mrs G a total of £300 compensation.

The Co-operative must pay the compensation within 28 days of the date on which we tell it Mrs G accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If The Co-operative considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs G how much it's taken off. It should also give

her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 23 June 2019.

Stephen Cooper
ombudsman