

## **complaint**

Mr V complains about the way Cfo Lending Limited has administered a loan and responded to his financial difficulties. He also says the loan was unaffordable.

## **background**

Mr V took out a loan with Cfo Lending. He is unhappy with the way it has administered the loan particularly that it has taken money from his account without his permission, that it did not credit payments from his debt management company or respond to correspondence. He has also recently said that the loan was unaffordable.

Our adjudicator recommended that the complaint should be partly upheld. In summary she considered that:

- After reviewing Mr V's bank statements she could not say the loan was unaffordable.
- Mr V had agreed in the loan agreement to repay it on a specified date. As such she could not conclude that Cfo Lending had deducted money from his account without his permission and there was no evidence that he advised it that he was in financial difficulties before the agreed date for repayment.
- When advised of Mr V's financial difficulties Cfo Lending had refused a repayment offer as it wanted a 24 month plan. But it had not asked for additional proof of Mr V's income before coming to this decision which would have been reasonable. It was also applying interest and charges to the account each week which were significantly more than Mr V was paying. This only served to increase his indebtedness. Cfo Lending had not therefore responded positively and sympathetically to Mr V's financial difficulties.
- Mr V and his debt management company had been making payments and as some were received by Cfo Lending there was no reason to assume that all the payments they say were sent, had not been received. She could not say the reason why Cfo Lending was not recording payments was down to an error by the debt management company.
- Cfo Lending had not responded to Mr V's letter of complaint and acknowledged any payments made by his debt management company. Mr V had also asked for an up to date statement of account.
- Consequently Cfo Lending should remove all interest and charges applied since January 2014. It should also locate all payments made by Mr V's debt management company and provide a statement of account to Mr V meeting the requirements of section 77B of the Consumer Credit Act 1974. It should also pay Mr V £100 compensation for the distress and inconvenience caused for the way it has handled his complaint and financial difficulties.

Cfo Lending does not agree with the adjudicator's recommendations and has requested an ombudsman review. In summary it says that:

- It does not consider that Mr V was in financial difficulty at the time the loan was approved. The adjudicator has confirmed that the loan was not unaffordable and yet

has said it did not respond to Mr V's financial difficulties. It also questions why Mr V entered into debt management if he was not experiencing financial difficulty. If he was aware he was unable to repay the loan why did Mr V apply for further finance placing himself in further financial hardship. Cfo Lending had carried out affordability checks before approving the loan.

- The charges applied were in line with the loan's terms and conditions. It is not willing to remove all the charges or pay compensation. But it has offered to reduce the charges by 50%, reduce the balance owing and then set up a payment plan with Mr V's debt management company. It would also issue an up to date account statement to Mr V.

Mr V says that Cfo Lending's figures are different to his own. He will not accept Cfo Lending's offer but is happy with the adjudicator's recommendations.

### **my findings**

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

Having done so, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

Whether or not the loan was affordable when it was taken out, and regardless of whether Mr V should have taken it out whilst on a debt management plan, a point was reached when Mr V recognised he was in such financial difficulty that he could not repay it as agreed. He told Cfo Lending of this and when his debt management company made the repayment offer to Cfo Lending it was declined as the offer fell below its minimum amount limit.

But Cfo Lending did not make any further enquiry into Mr V's particular circumstances or the affordability of the offer for him before rejecting the offer. I am not persuaded that was reasonable. I agree with the adjudicator that Cfo Lending did not act in a positive and sympathetic way when told of Mr V's financial difficulties and when approached by his debt management company. I find it is therefore fair and reasonable, notwithstanding the terms of the loan, for all interest and charges from 31 January 2013 to be removed from the account.

Furthermore, there is clearly some confusion and dispute as to the payments made to Cfo Lending and whether it has properly and accurately applied all the payments made by Mr V and his debt management company to his account. I consider it is fair and reasonable that Cfo Lending now locates all the payments they say have been made and provides a full and up to date statement for Mr V's account.

I am also not persuaded that Cfo Lending has handled the administration of the account or Mr V's complaint as well as it might. I find this has caused Mr V some distress and inconvenience as a result which warrants an award of compensation. Having regard to the level of award we make and all the circumstances, I find that it should pay him £100 compensation for this.

I would also remind Cfo Lending of its continuing obligation to treat Mr V positively and sympathetically whilst he remains in financial difficulty. I consider it fair and reasonable for it to also set up a payment plan with Mr V's debt management company or Mr V directly.

Overall, I see no compelling reason to change the proposed outcome in this case.

**my final decision**

My final decision is that uphold this complaint in part and I order Cfo Lending Limited:

1. To remove from Mr V's account all interest and charges applied since 31 January 2013;
2. To locate all payments made by Mr V and his debt management company and provide an up to date statement of account meeting the requirements of section 77B of the Consumer Credit Act 1974;
3. To set up an affordable payment plan with Mr V's debt management company or Mr V directly; and
4. To pay Mr V £100 compensation.

Stephen Cooper  
**ombudsman**