

complaint

Miss E says that Novaloans Ltd trading as (Cash4unow) did not help her when she contacted it about the payments on her loan. She says she was bullied into the making payments.

background

Miss E took out a £350 loan over five months with Cash4unow in September 2016. The loan repayments were £117 per month.

Miss E says that she contacted Cash4unow before the first payment was due to say that her circumstances had changed and she would struggle to make the payment. She says that she had unexpectedly needed to pay her child's nursery fees (her partner previously paid these) and so she had less money than she expected. At this time she says she told Cash4unow that she was in a debt management plan which she had not explained when she took out the loan.

Miss E says that the Cash4unow adviser told her she had committed fraud and risked being arrested. She says that she was then told that if she sent an email confirming she would make the payment no further action would be taken. Miss E made the payment.

In November 2016, Miss E says she contacted Cash4unow again to ask for help as she was unable to afford her payment. She says she was told to send in an invoice but says she explained she could not do this until after the payment was due. Miss E says she was told to send in the invoice or make the payment.

Cash4unow says that it does not lend to people in a debt management plan and that it requires an applicant to confirm they are not in a debt management plan before the application is processed. It says Miss E ticked the box to say she was not in a debt management plan. It says it collected income and expenditure information and that Miss E was familiar with its application process as this was her third application.

Miss E contacted Cash4unow on 28 September saying she had to pay unexpected child care costs. It says that the adviser asked Miss E why these costs were not included in her budget. Miss E said that her partner usually paid these but she now had to. It says she then said she had other debts and that she was talking to a debt management company. The adviser asked why the debts were not included in her income and expenditure information. Cash4unow says that at this point Miss E said she would make the payment.

Cash4unow does not accept that Miss E was told she would be arrested or accused of fraud. It says there is no record of Miss E being contacted multiple times on her work number on 7 December 2016. Instead it says one call was made which was not successful. It confirms it has removed Miss E's work number from its file.

Cash4unow does not accept that it has treated Miss E unfairly.

Our adjudicator upheld this complaint. He said that the call on which Miss E says she was accused of fraud was not available and so he had to consider what was most likely to have happened. He said that Cash4unow has said that Miss E made a fraudulent attempt to get finance and said it could have told her this on the call. He said that Miss E had asked for help with her payments but then something made her decide to pay the full amount. He

said it was possible that Miss E misunderstood what could happen based on the call but that Cash4unow should have been clear if that was the case. He said that Cash4unow did not attempt to assist Miss E with her payments even though she asked for help which caused her unnecessary stress. He recommended that she was paid £100 compensation for this.

Cash4unow did not accept our adjudicator's view. It said that Miss E had not acted correctly in her application and that there was no evidence that she had been told the police would be contacted on the call.

Cash4unow noted the case had been ongoing for some time and offered to reduce Miss E's account (which had a balance of £247.31 at the time) by the interest charged in January 2017 (£45.47). It said it would continue to accept Miss E's payment through her debt management company.

Miss E did not accept Cash4unow's offer and provided a counter offer saying she would pay the final repayment amount of £117.36.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconsistent or contradictory, I have made my decision based on the balance of probabilities - that is what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Miss E applied for a loan with Cash4unow in September 2016. At this time she was already in a debt management plan. Despite this she ticked a box to say she was not in a debt management plan. I can see why this raised concerns with the business when this was discovered.

This complaint is about the service Cash4unow provided when Miss E contacted it about her payments. I have looked through the contact notes provided of the call in September 2016. Unfortunately the call is not available and so I have relied on the notes and what the parties have said about this call. Miss E says she was told she had committed fraud and was threatened with police action. Cash4unow says this did not happen.

The call notes show that Miss E contacted Cash4unow saying she had to pay nurse fees which she hadn't expected. She then said she had debts. She was asked about why this information was not included in her budget. I do not find this unreasonable. She was then told that her account would need to be passed on for further action. Miss E did not want this to happen and said she would make the payment.

Based on the notes, I do not find I have enough to say that Miss E was threatened with police action or told she had acted fraudulently. However she was clearly worried about what further action might involve and went from a position of saying she could not afford to make a payment to making the required payment.

Miss E contacted her debt management company which in turn contacted Cash4unow. This was on 29 November 2016, two months after the previous call. A discussion was held about the mention of police and Cash4unow said the police were not mentioned on the previous call. A discussion was then held about payment from the debt management company.

I do not have any further evidence in regard to the multiple calls made in December.

Overall, I do not find that I have enough evidence to say that Miss E was threatened with police action or accused of fraud by Cash4unow. However I also find that Cash4unow did not act to assist Miss E when it became aware that she was struggling to make her payments.

When a customer is in financial difficulty we would expect them to be treated positively and sympathetically. I appreciate that Miss E did not inform Cash4unow about her debt management plan and I can see why this was an issue. However, even though there were issues with Miss E's application this does not stop the requirement for her to be treated positively when she has explained her financial difficulties. In this case I think Cash4unow could have done more to assist Miss E when she explained her situation and therefore I agree with the adjudicator's recommendation of paying her £100 compensation. This can be offset against Miss E's current outstanding balance.

my final decision

My final decision is that Novaloans Ltd should pay Miss E £100 compensation for not doing more to assist her when she contacted it about her financial difficulties. This can be used to reduce the outstanding balance on her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 16 October 2017.

Jane Archer
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