

The complaint

Mr T complains Provident Personal Credit Limited (“Provident”) incorrectly took deductions from a compensation payment to repay an outstanding debt. Mr T says he had already settled the debt with a third-party debt collection agency.

What happened

Mr T said he an outstanding balance due to Provident and this was passed to a debt collection company (who will be referred here as Company A). Mr T says that he made his final payment towards his outstanding balance in February 2016 and he provided bank statements to show the payment to Company A.

He said that a complaint was made against Provident for irresponsible lending and when it concluded its investigation it took deductions from the compensation that it paid him because Provident said Mr T still owed money.

Mr T says he was unaware of any outstanding balance and he hadn’t heard anything from either Provident or any debt company since the debt was repaid in 2016.

Unhappy with this deduction, Mr T logged a complaint with Provident. It issued a final response letter in December 2021.

In the FRL, Provident explained the debt had been sold to a different third-party debt company than Mr T had repaid in February 2016 (who I refer to as Company B). Provident said Company B told it that no payments had been made and when the loan balance was returned to Provident from Company B the amount returned was the same. Further indicating no payments had been made. Provident didn’t uphold Mr T’s complaint.

Unhappy with this response Mr T referred his complaint to the Financial Ombudsman Service.

Our adjudicator considered the complaint and didn’t think it could be upheld. She said Provident had provided information from Company B that made it clear it hadn’t received any payments from Mr T or anything to suggest Company A had made any payments to Company B. The adjudicator therefore concluded that it was fair of Provident to make deductions from redress to cover the outstanding debt.

The adjudicator accepted that Mr T had shown evidence that he’d made payments to Company A but the adjudicator was unable to say what debt those payments related to. Provident appear to have accepted his findings.

Mr T didn’t accept the findings, in response he said;

- Mr T has provided evidence that he successfully repaid his debts with payments to Company A.
- At the time, Mr T says Company A couldn’t find his records on its systems.
- Mr T has now paid the same debt twice.

Mr T then told the Financial Ombudsman Service that he had raised a complaint against Company A and with the relevant complaint handling body.

Later, Mr T forwarded an email he had received from Company A. The email confirmed that the debt had been loaded onto Company A's system in 2014 and as far as it could see the debt related to a communication company.

As no agreement has been reached, the case has been passed to me for a decision.

What I've decided – and why

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

It isn't in dispute that Mr T's debt was transferred to a loan company, what is in dispute is whether Mr T has in effect repaid the same loan twice. Having looked at all the information both Mr T and Provident have provided show, that it is more likely than not that any payments made to Company A were for a different debt.

Mr T had an outstanding balance and so Provident says it was passed to Company B. Mr T hasn't provided any evidence to show he made repayments to this company. The bank statements provided by Mr T show he made payments to Company A.

It is of course possible, that once Company B had the debt it asked Company A to collect the debt on its behalf. But I haven't been provided with any evidence to suggest this happened. I've also considered whether there is any obvious relationship between Company A and Company B. Based, on my research I can't find a link – for example through a shared director.

That doesn't mean that Company B didn't pass the debt to Company A, only the evidence I have doesn't suggest that this happened and as there is no evidence or supporting documents which suggest payments being made to Company B, I'm going to conclude that Provident was correct to offset the compensation against his outstanding balance.

This is further supported by the screen shots of its system that Provident has provided which shows that the balance given to Company B was the same amount as what was returned to Provident. Which further indicates no payments were received by Company B.

It is clear, from the bank statements that Mr T has provided that he did have a debt with Company A. Indeed, his bank statements show a payment made to it on 2 February 2016 for £23.21. To me, that does suggest that Mr T had a debt that was owed to Company A. After February 2016, I can't see any further payments, which would suggest either the debt had been repaid.

However, for me to conclude that Mr T has in effect repaid the outstanding balance I'd have to see evidence that the payments he was making to Company A was related to the Provident debt and the evidence I have doesn't support this.

Mr T has provided the Financial Ombudsman with a copy of an email that he has received from Company A. The email says.

"I have had our accounts team locate the account to which these payments were allocated to, however as this account was loaded on our system in 2014, the data has been wiped due to our data retention policy. Please also be advised that this

account is in relation to our client [company name removed]. This account is paid on our system but I am unable to issue any further details as they have been wiped.”

This email came from Company A and the company name I removed was not Provident but a communication company. Therefore, on balance, it seems the money that Mr T was repaying Company A in 2016 wasn't connected to the outstanding balance held by Company B / or Provident.

Therefore, Provident making deductions to the compensation that was paid to Mr T was entirely reasonable, because the evidence I have been provided with shows that while Mr T has repaid Company A – this was in connection with a different debt – there is nothing to suggest the debt he repaid related to Provident.

As no further evidence has been provided which suggests that the repayments were connected to Provident or Company B than the only reasonable conclusion, I can make is that Provident was correct to make deductions from the redress it paid Mr T.

I'm therefore not upholding Mr T's complaint; I appreciate this will be disappointing for Mr T but I hope my explanation has been useful for him in understanding why I've had to reach the decision that I have.

My final decision

For the reasons I've explained above, I'm not upholding Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 12 August 2022.

Robert Walker
Ombudsman