

The complaint

Mr H complains about the way that Snap Finance LTD (Snap) handled direct debit payments on a fixed sum loan agreement. He would like more compensation than Snap has offered.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here. Instead I will focus on giving the reasons for my 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.

Having done so I have reached the following conclusions:-

- Snap accepted it was their fault the first direct debit payment failed. It reset the payment date and added the arrears from the first payment not having been made to the end of the loan term removing any additional interest that would normally be created with a loan extension. I think this was a reasonable step to take
- Regarding problems with another direct debit payment, as that payment didn't go through Snap took payment from the direct debit card used to pay the initial deposit. I can understand Mr H not being happy since that direct debit card was his mother's. But I have seen the welcome letter Snap sent Mr H which confirms the direct debit details but also states that if a direct debit is unsuccessful it will attempt payment using the debit card details provided. So as Snap had details for the card used for the deposit I don't think it was unreasonable to use this.
- In addition to the action Snap has already taken regarding the first direct debit payment as detailed above it has offered to remove any adverse data from Mr H's credit file. I think that is only reasonable as it seems the first missed payment was due to Snap inputting the wrong payment date on its system. I appreciate Mr H doesn't feel that is any benefit to him, but I don't agree as negative data can have consequences for future credit applications so it's only right Snap corrects this.
- Snap has also offered credit Mr H's account with £100 as an apology for the distress and inconvenience caused. I appreciate Mr H doesn't feel this is sufficient but I don't agree. He has told us he has lost out as he had to pay his mother back for the payment taken from her card. But the payment taken from his mother's card was his regular monthly payment owing on the loan. In effect he paid his mother rather than Snap so I can't see that he has lost out financially as a result. I think the £100 offered, which will reduce the overall amount Mr H owes. is reasonable for the distress and inconvenience of the mistake with the first direct debit payment.

My final decision

My final decision is that I think Snap Finance Ltd has made a fair offer.

In full and final settlement Snap Finance Ltd should:-

- If it has not already done so, add the arrears accrued to the end of the loan agreement , with no additional interest added due to this loan extension
- Remove any negative data from Mr H's credit file arising from the missed direct debit payment.
- Credit Mr H's account with £100

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 December 2022.

Bridget Makins
Ombudsman