

The complaint

Mrs F complains about the way that Tandem Personal Loans Ltd treated her.

What happened

In October 2022, Mrs F contacted Tandem about her loan to say she was struggling to keep up with her repayments. Tandem agreed to a reduced repayment plan but Mrs F was unhappy with its' response to her situation.

Mrs F was unhappy to see that Tandem had reported missed loan repayments to her credit file. She wanted it to remove the negative information from her credit file.

After Mrs F settled the loan account for a reduced amount, she was unhappy that Tandem passed her account to another company.

Tandem told Mrs F that when she was in a reduced payment plan, she was not maintaining her full monthly contractual payments. Tandem explained that it had a duty to report accurate information to the credit reference agencies (CRAs). And the only option it could choose was a missed payment.

Tandem said that it had asked the three main CRAs to note that although Mrs F had not met her full contractual monthly repayments, it had agreed a reduced payment arrangement. Tandem also said that as Mrs F had settled the loan account by paying 50% of the outstanding balance, it had accurately reported a partial settlement to the CRAs.

Initially, our investigator didn't recommend that Mrs F's complaint be upheld. As Mrs F wasn't paying the full amount each month, Tandem needed to report this to the CRAs. Our investigator was satisfied that when Mrs F agreed the reduced settlement figure in March 2023, Tandem said that this would be noted on her credit file as a partial settlement.

Our investigator thought Tandem acted fairly when it said it would ask the CRAs to record the fact that the reduced payment arrangement had been maintained.

Mrs F thanked our investigator for his response but pointed out that after she'd settled the loan, Tandem sold her account and the third party asked her for repayment. Mrs F says Tandem agreed it had made a mistake.

Tandem said it had no record of selling the debt after Mrs F settled the loan account. Tandem said that it explained to Mrs F in April 2023 that it hadn't sold the debt and that the letter concerning the debt had been sent in error.

Our investigator reviewed the evidence Mrs F supplied. He could see that a third party debt collection business emailed Mrs F on 13 April 2023 asking for her repayment proposals as the debt had been sold. On 19 April 2023, Tandem emailed Mrs F to say the debt had not been sold.

Our investigator thought that although the issue was resolved within a week, it would have been distressing for Mrs F to be asked to repay a debt she'd settled the previous month. And

it meant Mrs F had to contact Tandem again to find out further information. Our investigator thought it fair that Tandem pay Mrs F £100 compensation for the upset caused.

Tandem disagrees with the investigator's recommendation. It says it explained to Mrs F that the debt had not been sold, so doesn't think any material distress or inconvenience was caused.

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.

I realise that I have summarised this complaint in less detail than the parties, and that I have done so using my own words. The rules that govern our service allow me to take this approach. But this doesn't mean I have not considered everything the parties have given to us.

Like our investigator, I don't think Tandem made a mistake or treated Mrs F unfairly when it reported the missed payments and partial settlement to the CRAs. As Mrs F has not raised any objections to this part of the investigation outcome, I don't intend saying anything further about this aspect of the complaint. I do however remind Mrs F to let Tandem know if her credit file has not been updated to reflect the fact she maintained her reduced payment arrangement.

Instead, I focus my attention on the investigator's recommendation that Tandem pay Mrs F £100 in recognition of the upset and inconvenience caused when she was asked to repay the debt having already settled it.

I appreciate Tandem's point that it had not sold the debt to a third party, but this is not how it appeared to Mrs F. She received an email from the debt collection company saying Tandem had sold the debt. I can see that this would have been upsetting. It also led to Mrs F contacting Tandem when she otherwise would not have needed to. So, I agree with our investigator that the mistake led to some distress and inconvenience for Mrs F.

Although Tandem says it had not sold the debt, the debt collection company must have obtained information about Mrs F's account from somewhere – presumably Tandem. So, I think it's fair to hold Tandem responsible for the upset flowing from the mistaken request to repay the debt.

An award of £100 sits at the lower end of the range of award we might make where the business's actions have caused some inconvenience and lower levels of distress. So, I think this award is fair in the circumstances of Mrs F's complaint.

My final decision

My final decision is that I uphold this complaint and direct Tandem Personal Loans Ltd to pay Mrs F £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 17 June 2024.

Gemma Bowen
Ombudsman