

## **complaint**

Mrs A complains about a loan she has with Greenwood Personal Credit Limited. She is unhappy about the way she has been treated during a period of financial difficulties and believes Greenwood Personal Credit lost or delayed some of the repayments that were made.

Mrs A is represented in this complaint by her husband, who shall be referred to as Mr A throughout the complaint.

## **background**

The adjudicator who considered the complaint recommended it be upheld. He couldn't be certain that Greenwood Personal Credit delayed allocating the cheque payments Mr A sent for Mrs A's account. He thought that even if there were delays allocating the payments Mr A sent they were still applied and Mrs A had not actually lost out financially.

The adjudicator noted that one of Greenwood Personal Credit's letters to Mrs A stated that court action may be taken against Mrs A if she does not pay her outstanding balance.

However, Greenwood Personal Credit has also said that provided payments were being made that no further action would be taken against Mrs A. The adjudicator thought this was contrary to the Office of Fair Trading's (OFT) debt collection guidance as it states it is unreasonable to threaten further action when there is no actual intention to do so.

To resolve the complaint the adjudicator thought that Greenwood Personal Credit should pay £50 to Mrs A for the distress and inconvenience she had been caused.

Both parties broadly agreed with the adjudicator's findings and recommendations. However, Greenwood Personal Credit said it would prefer to pay the award to Mrs A's account to reduce the balance, rather than paying directly to Mrs A. It notes that Mrs A's account is heavily in arrears and this is why it feels the payment should be made to the account.

Mrs A says she would like the payment made directly to her.

## **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 have come to the same overall conclusions as the adjudicator for broadly the same reasons.

As both parties have accepted all but one of the adjudicator's findings I see little benefit in repeating those points in great detail here. I will simply say that I agree with the adjudicator and think that Greenwood Personal Credit should have been aware that Mr A was making payments for himself, his wife and his daughter. It should have been clear therefore that the payments had to be allocated to the three accounts.

Greenwood Personal Credit has now agreed to move £11 from Mrs A's account to her daughter's account. Because of the number and frequency of cheques being sent by Mr A it

is difficult to conclude that the cheques were actually applied late. They were nonetheless applied and once the adjustment has been made to the account the account should accurately reflect the correct payments made.

Mrs A may still have information recorded on her credit file but there are no grounds for me to instruct Greenwood Personal Credit to remove this as it should reflect the actual payments that have been made to the account.

The OFT debt collection guidance clearly states that it is unreasonable for a creditor to threaten to refer a debt to a third party when the creditor has no actual intention of doing so.

Greenwood Personal Credit accepts that it had no intention of referring Mrs A's account provided she continued to make payments to her account. It was unreasonable of Greenwood Personal Credit to threaten to refer Mrs A's account as it clearly had no intention of doing so and this is in breach of the OFT's guidance.

The outstanding issue in this complaint surrounds the proposed payment for any distress and inconvenience that Greenwood Personal Credit has caused Mrs A. I think that by incorrectly allocating the payments that Mr A sent and threatening to refer her debt when it had no intention of doing so would have been somewhat distressing and inconvenient for Mrs A. Mrs A has referred to several medical issues she has and I think the problems with Greenwood Personal Credit would not have made these issues any easier. However, I think that any distress or inconvenience would not have been significant and any award should therefore reflect that.

Having carefully considered the circumstances of this complaint I think a payment of £50 is reasonable. I also think it would be fair for the payment to be sent to Mrs A rather than being applied to her outstanding debt. I appreciate the account is overdue and a considerable sum is still outstanding. Greenwood Personal Credit will still expect Mrs A to continue to repay the amount that is owed and this is not unreasonable. If Mrs A is still experiencing financial difficulties I would remind Greenwood Personal Credit to treat Mrs A in a positive and sympathetic manner.

#### **my final decision**

My final decision is that I uphold this complaint and direct Greenwood Personal Credit Limited to send Mrs A a payment of £50, rather than deducting the sum from her account.

If it has not already done so, Greenwood Personal Credit Limited should also move £11 from Mrs A's account to her daughter's account. I make no further award or instruction.

Mark Hollands  
**ombudsman**