

## The complaint

Mr P complains that Healthcare Finance Limited (“HFL”) has not treated him appropriately when he has been experiencing financial difficulties.

## What happened

In March 2021 Mr P took out a fixed sum loan with HFL. Under the terms of the agreement, amongst other things, Mr P consented to HFL taking loan repayments either via direct debit or under a continuous payment authority (“CPA”). HFL chose to take payments under a CPA.

At some point, Mr P does not say when, he wrote to HFL to ask it not to take the monthly payment from his debit card under the CPA and to set up a direct debit instead. Around this time Mr P had cancelled the debit card which the CPA had been set up against. He also obtained a new debit card with a new provider, but he did not provide these new debit card details to HFL. Mr P tells us he received no response from HFL. Therefore he tried again, specifically, in June 2022 Mr P wrote to HFL to say:

- Due to unemployment, he was no longer able to make his full monthly payments. However, he was able to pay £25 per month instead (his contractual monthly repayments were £77.42).
- Mr P no longer wished to make his repayments under the CPA rather he suggested payment by way of direct debit or standing order.
- He had used the loan to buy goods and services from a merchant and he was having a dispute with the merchant.
- Mr P complained about how difficult it was to get through to HFL. Specifically, he told it that its online chat function did not work, and he’d found it impossible to talk to an actual person.
- Mr P asked HFL to call him as a matter of urgency.

Mr P indicates HFL ignored his requests and took at least one further repayment via the CPA, which he wants refunded. Mr P also complains HFL obtained details of his new debit card, but he does not know how, and he suggests there is something wrong about this. Moreover, Mr P tells us by not following his instructions, HFL has caused his current account (with a third party) to become overdrawn and impacted his mental health, so he came to our service.

Once Mr P’s complaint was with this service HFL told us its version of events, which I’ve summarised below:

In December 2021 Mr P missed a loan repayment and fell into arrears. Therefore, HFL sent Mr P’s account to its collections department, who called Mr P in January 2022. In that phone call, Mr P indicated he had become unemployed and as a result had been experiencing financial difficulties. However, nonetheless, he’d be able to catch up on the arrears by the end of March 2022.

In January 2022 HFL sent Mr P a notice of default.

In mid-March 2022 Mr P contacted HFL via live chat to say he was once again experiencing financial difficulties and therefore would not be able to catch up with the arrears by the end of March. HFL responded a day later asking Mr P to contact it about his financial difficulties and sent him a link with relevant contact details to schedule a call back. It received no response. At this point it issued a further notice of default.

In early April 2022 HFL's collections department called Mr P who told it his financial situation was improving and that he'd be resuming repayments.

In early June 2022, Mr P's debit card provider sent it new debit card details for Mr P's debit card. A new CPA was set up against this card. Five days later, HFL received an email from Mr P in which he asked it not to take the payment that was due to that day. (But the payment had already been taken). On the same day it received a second email from Mr P. In the second email Mr P tells it he is in financial difficulty and asks it not to take payment from his debit card.

In late June 2022 Mr P contacted HFL via webchat to tell it that he was unhappy with the merchant. It told Mr P he would need to take this up with the merchant. Then HFL issued another notice of default.

In early July 2022 Mr P complains to HFL. But due to an error on its part it does not at first treat this as a complaint.

In August 2022 HFL acknowledged Mr P's complaint. It also called Mr P but received no answer.

In September 2022 HFL issued a further notice of default.

HFL said when it took payment in June it did so in the belief that Mr P's financial situation was improving. Moreover, it was not in a position to permit Mr P to make his repayments via direct debit.

HFL tells us Mr P has at least five months of arrears in relation to the loan by September 2022. HFL has offered to explore different payment options with Mr P if he is still experiencing financial difficulties.

One of our investigators looked into what had happened. Our investigator did not recommend upholding Mr P's complaint.

HFL accepted our investigator's recommendation Mr P did not. In summary Mr P rejected our investigator's recommendation on the basis that he had been in financial difficulties before his debit card details were changed. He tried to get HFL to engage with him about this, but it would not help. Specifically, he had wanted it to call him, but it did not. Moreover, HFL had not followed the complaint handling rules that apply to it. In response, to the last point, HFL agreed it had not at first, due to a mistake on its part, treated Mr P's complaint as a complaint. Therefore, it had not followed the complaint handling rules that it must follow as a business regulated by the Financial Conduct Authority. In recognition of this it offered to write £100 off the balance of the loan, provided Mr P agreed to pay off the remaining balance in full in one go. Mr P declined this offer.

Mr P raised a new complaint, he complained that he'd only entered into the finance contract with HFL and the contract of sale with the merchant due to misrepresentation on the part of the merchant. Mr P wanted us to look at this new complaint as part of this complaint, but we told him we could not do this, and he'd need to raise a new complaint. Mr P continued to ask us to look at this new issue.

Mr P asked that his complaint be referred to an ombudsman.

### **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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. Rather, I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

It seems both the parties accept that Mr P was experiencing financial difficulties. Although Mr P suggests these financial difficulties were continuous from some unspecified point in time onwards whereas HFL thought Mr P went into financial difficulties briefly in December 2021 and then came out of them and then went into financial difficulties again. In any event, HFL is a regulated business as such it is expected to act fairly with due consideration and forbearance when its customer is experiencing financial difficulties. So what I've got to consider is did HFL meet this obligation in this instance.

Mr P has not told us exactly when his financial difficulties began (as I've already mentioned) but he has said these difficulties were due to becoming unemployed. HFL has sent me a copy of Mr P's payment history towards the loan it seems he made his repayments without a hitch until December 2021. That suggests to me that is when Mr P might have begun to experience financial difficulties. But I've not got anything to show that Mr P told HFL anything about this at that point. Rather, the first indication I've got that HFL was told Mr P might have been experiencing money troubles in December 2021 was the call in January 2022. But according to HFL's records, which I've no reason to doubt on this point, the message Mr P gave was rather mixed. He told HFL he'd been made unemployed, but he also said he'd make up the missed payments by the end of March. So it seems to me Mr P indicated he had had short term money troubles, but they were going to be over soon or were already over. Therefore I don't think HFL had to do anything further at this point.

The next significant contact it seems to me was mid-March when again according to HFL's records, which I've no reason to doubt on this point too, Mr P told HFL he was not going to be able to make up the arrears by the end of March after all. It seems that HFL then got the ball rolling as it should have done by reaching out to Mr P, offering to call him, 24 hours after he contacted it. It may not have been the immediate phone call Mr P expected but I think HFL's response was still an appropriate response. Mr P has not told us he did not receive this response from HFL, but it seems he did not take HFL up on its offer of a call back.

When a consumer is experiencing financial difficulties it is a two-way street. The business is, as I've already said meant to respond fairly by showing due consideration and forbearance. But also the consumer is meant to respond to the business when it offers help. The ball was in Mr P's court therefore at this point, so I don't think HFL acted incorrectly in waiting for Mr P to respond to it.

Next the parties talked in April, according to HFL's records, Mr P told it his finances were improving. On balance I don't think HFL's version of events is likely to be inaccurate. So it seems to me HFL was left with the impression that all was well again with Mr P's finances. I've seen nothing that suggests Mr P contacted HFL again before June when it took the payment from the new debit card. And given that as far as HFL appears to have known Mr P's finances were once again in good order it acted appropriately in taking the payment in June 2022. It would potentially have made Mr P's situation worse if it had not taken payment

when it seemed that Mr P had the funds to pay it. The information I've got about the contact in June indicates that by the time Mr P contacted HFL it was too late, and the payment had been taken.

I recognise that Mr P does not understand how HFL got his new debit card details, and it concerns him, I can well understand that. HFL has told us, that it is standard practice for the card issuer to provide it with this information. I have no reason to doubt HFL about this and nothing I've seen shows it did anything untoward or underhand to get this information which is what Mr P appears to be worrying about. So I hope this explanation puts Mr P's mind at rest about this point. In any event, Mr P had agreed to the terms of the contract when he made the agreement. The contract provides that Mr P must give HFL the personal information it needed to take repayments from him. So I don't see that HFL acted incorrectly in using that information to enforce the contract.

For all of these reasons, I don't agree therefore that HFL was wrong to take the repayment in June and must refund it. Neither do I find that if this repayment caused Mr P to become overdrawn HFL must take responsibility for this.

It appears that HFL did try to contact Mr P after he once again said he had money troubles in June 2022, but it received no response from him. I don't find therefore that HFL failed to respond to Mr P, as it should have done, at this juncture.

HFL has not explained why Mr P could not pay it by direct debit instead of by CPA and I find this unsatisfactory given that the contract provides for payment by direct debit or CPA. However, this does not go to the crux of the complaint, so I mention it just for completeness.

HFL has told us that if Mr P is still experiencing financial difficulties it is ready to talk to him about this to see what (if anything) it can do to help. Although it seems from the payment history information I've got Mr P resumed his repayments in September 2022. If Mr P wants this help then he needs to get in touch directly with HFL. Mr P suggests, HFL has made it difficult for him to contact it in the past. I've not seen anything to suggest that is the case. But we will ask HFL if it can provide contact details for a specific person or team that Mr P can talk to via phone as is his preference. I'm not saying it has to provide this just that we will ask.

I've not found that HFL has acted inappropriately when Mr P was experiencing financial difficulties. I realise this may well have been a difficult time for Mr P and his told us about the toll this has had on his mental health. But given I don't think HFL acted inappropriately I have no proper basis for saying HFL has to make any payment to Mr P for distress.

Mr P complained about the way HFL handled his complaint. This was not the main thrust of his complaint, but it was one of his complaint points. And as far as I can see he does still want us to look into this.

I'm sorry to disappoint him, but I can't look at that part of his complaint. That's because complaint handling isn't an activity listed within the rules that govern this service. Complaints about how a complaint has been dealt with simply are not something that falls within the remit of this service. I realise this may be very galling for Mr P as he laid some emphasis on this issue in his complaint. But he can take this issue no further with our service.

#### *New matter*

Mr P has now also told us that the terms of the finance contract and the contract of sale were misrepresented to him by the merchant. This appears to be a new matter and has not been considered by HFL in its final response to Mr P or investigated within this complaint. It follows that I am unable to look at this matter in this decision.

#### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 31 July 2023.

Joyce Gordon  
**Ombudsman**