

The complaint

Mr G complains about the administration and management of his running account credit agreement ("agreement") by Clydesdale Financial services Limited ("BPF").

What happened

In November 2022 Mr G entered into an agreement with BPF. The terms of this agreement state that all payments made in respect of it are allocated in the following order:

1. against any arrears (and against the highest APR bearing plan arrears first)
2. against any sums currently due (and against the highest APR bearing plan first)
3. against any sums currently not due (against the highest APR bearing plan first)

The agreement also states that any overpayments made are allocated in the same order as above and any direct debit set up will (everything else being equal) still be collected or attempted to be collected.

Mr G made a number of purchases (subject to 7 plans) under his agreement between 27 November and 15 December 2022:

plan no	date	amount	Monthly payment	term (months)	interest bearing
...
...862	27/11/22	£533.97	£25.03	24	Yes
...290	28/11/22	£114.86	£19.14	6	No
...723	28/11/22	£153.10	£25.52	6	No
...165	28/11/22	£106.51	£17.75	6	No
...285	28/11/22	£131.24	£21.87	6	No
...655	28/11/22	£445.66	£18.57	24	No
...535	15/12/22	£119.51	£19.92	6	No

The first payment under the agreement was set by BPF to be collected on 28 January 2023.

On 6 January 2023 Mr G phoned BPF to enquire if he could 'pay off' 2 of his purchase plans, ...285 of £65.25 (£131.24 less a refund of £65.99) and ...655 of £69.88 (£445.66 less a refund of £375.78). BPF said Mr G could and took a card payment of £135.13 (£65.25 plus £69.88) from him. However, this payment wasn't allocated in line with what Mr G was advised.

On 18 January 2023, and after Mr G had complained to it, BPF issued Mr G with a final response letter ("FRL"). Under cover of this FRL BPF said it accepted it had misadvised Mr G (on 6 January 2023) about how the payment made by him of £135.13 would be allocated and for that it had credited his bank account with £150.00 compensation. It also said that how Mr G's payment of £135.13 had been allocated was in line with the terms of his agreement and all further payments would be allocated in the same way.

On 19 January 2023 BPF agreed to move Mr G's payment due date from 28 to 9 of the month with the next payment falling due on 9 March 2023. However, this wasn't actioned in time for 28 January 2023 payment not to be called for.

On 28 January 2023 BPF tried to collect a payment from Mr G's bank account of £147.80 (£25.03, £19.14, £25.52, £17.75, £21.87, £18.57, £19.92). This payment was returned unpaid on 1 February 2023 marked refer to payer.

On 29 January 2023 BPF moved Mr G's payment due date from 28 to 9 of the month with the next payment falling due on 9 March 2023. However, this wasn't actioned in time for 28 January 2023 payment not to be called for again.

On 6 February 2023 BPF tried to collect a payment from Mr G's bank account of £147.80. This payment was returned unpaid on 8 February 2023 marked refer to payer.

On 2 March 2023 Mr G made a card payment of £160.47 (£295.60 being 2 instalments of £147.80) less £135.13 (paid by Mr G on 6 January 2023).

On 9 March 2023 BPF collected a payment from Mr G's bank account of £147.44.

On 9 April 2023 BPF tried to collect a payment from Mr G's bank account of £107.36. This payment was returned unpaid on 13 April 2023 marked instruction cancelled.

On 13 April 2023, and after Mr G had complained to it, BPF issued Mr G with a (second) FRL. Under cover of this FRL BPF said it accepted that it had provided Mr G with a poor level of service during calls of 10 and 24 March 2023 and for this it had credited his bank account with £50.00 and £25.00 compensation respectively. It also said that although Mr G's 9 March 2023 payment of £147.44 was allocated correctly and in line with the terms of the agreement it had taken the decision to clear the balance of £21.51 (£65.25 less 2 allocated monthly payments of £21.87) and £32.74 (£69.88 less 2 allocated monthly payments of £18.57) on plans ...285 and ...655 respectively.

BPF also explained, under cover of this FRL, that it had taken the decision to reduce Mr G's monthly payment to £108 (£107.36) on grounds of affordability (as allowed for under the agreement) and its refusal to allow him further plans under the agreement was as a result its lending criteria not being met.

On 25 April 2023, and after Mr G had complained to it, BPF issued Mr G with a letter. Under cover of this letter BPF said it was satisfied that it had handled Mr G's complaints fairly and reasonably and in line with its regulatory obligations and it wouldn't be entering into any further correspondence with him in respect of his complaint(s).

On receipt of the above letter Mr G referred his complaint to our service. In summary he said that he was looking for £10,000 in compensation and for his remaining debt balance to be written off by way of compensation.

Mr G's complaint was considered by one of our investigators who came to the view that having paid Mr G £225 in compensation (£150, £50 and £25) and having written off £54.25 of Mr G's agreement debt (£21.51 plus £32.74) BPF needed to do nothing further.

Mr G didn't agree with the investigator's view and so his complaint has been passed to me for review and 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's clear that Mr G has very strong feelings about this complaint. He has provided detailed submissions in support of his view which I can confirm I've read and considered in their entirety. However, I trust that Mr G will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn't to address every point raised. The purpose of my decision is to set out my conclusions and reasons for reaching them.

I would also point out that where the information I've got is incomplete, unclear, or contradictory, I've to base my decision on the balance of probabilities. And it's for our service to decide what evidence to call for and what weight should be given to the evidence provided.

payments made by Mr G

Having considered what both parties have said and submitted I'm satisfied that all the payments made by Mr G to the end of March 2023 (of £135.13, £160.47 and £147.44) were allocated correctly to his agreement debt and in line with the agreement terms.

Now as Mr G is aware his payment of £147.44 on 9 March 2023 was allocated by BPF to plan ...862, something Mr G believes to be incorrect.

Mr G was originally required to make payments under his agreement on 28 January, February and March 2023. However, his payments (at his request) were rescheduled to fall on 28 January, 9 March 2023 and 9 April 2023.

When Mr G's 9 March 2023 payment was called for from his bank account and paid he had already paid BPF £295.60 (£135.13 on 6 January 2023 plus £160.47 on 2 March 2023) against payments due of £295.60 (£147.80 on 28 January 2023 and £147.80 due on 9 March 2023).

Given the above, I'm satisfied that BPF acted correctly and in line with the agreement terms in treating 9 March 2023 payment as an overpayment and in allocating it against plan ...862 – the highest interest bearing plan.

6 January 2023

It's not in dispute that Mr G was incorrectly advised by BPF over the phone on this date that his payment (by card) of £135.13 would be allocated against plans ...285 and ...655. But I'm not persuaded that Mr G was financially disadvantaged by being given this incorrect advice, or by having his payment of £135.13 treated by BPF in the way that it was.

10 March 2023

Although BPF references a call being made by Mr G to it on the above date under cover of its second FRL it's my understanding, based on system notes provided by BPF, that the correct date for this call is 2 March 2023. However, this 'fact' isn't material because it's not in dispute that Mr G was incorrectly advised by BPF in this call. However, for the sake of completeness I would add that I'm not persuaded that Mr G was financially disadvantaged by being given this incorrect advice.

call of 24 March 2023

It's not in dispute that Mr G received poor service from BPF in this call. But again, I'm not persuaded that Mr G was financially disadvantaged as a result of this poor service.

BPF's handing of Mr G's complaints

I'm satisfied that BPF dealt with Mr G's complaints in line with its regulatory obligations and in line with what I would expect.

reduction by BPF to Mr G's contractual minimum monthly agreement payment amount

I'm satisfied that this was an exercise of BPF's legitimate commercial judgement and one that it would be neither fair nor reasonable for me to interfere with. And for the sake of completeness, I would add that I'm satisfied that this reduction isn't linked in anyway to payments made by Mr G under his agreement or how these payments were treated by BPF.

refusal by BPF to open further plans for Mr G under his agreement

I'm satisfied that this was also an exercise of BPF's legitimate commercial judgement and one that it would be neither fair nor reasonable for me to interfere with. And for the sake of completeness, I would add that I'm satisfied that this reduction isn't linked in anyway to payments made by Mr G under his agreement or how these payments were treated by BPF.

matters in the round

As I say above I can't see that Mr G has been financially disadvantaged by BPF allocating his payment of £135.13 in the manner that it did, rather than in the manner it said it would. But that doesn't mean Mr G shouldn't be compensated for being misadvised in this respect, or for being misadvised in a further call on 2 March 2023 and for the poor service he received in a call of 24 March 2023. But taking everything into account I'm satisfied that having paid Mr G £225 and having written off £54.25 of his agreement debt BPF has compensated Mr G more than I would have directed it to had it offered and paid Mr G nothing.

For the sake of completeness, I would also add that when making an awards for distress and inconvenience I've to have regards not to the time a consumer says they spent in trying to resolve matters but what would have, in all the circumstances, constituted a fair and reasonable amount of time for them to have spent doing so. And despite it not being in dispute that things did go wrong in this case I've had regards to how quickly (and in some detail) BPF responded to Mr G's complaints (by both telephone and in writing) and its acceptance very early on there had been some shortcomings on its part.

My final decision

My final decision is that having paid Mr G £225 in compensation and having written off £54.25 of Mr G's agreement debt Clydesdale Financial Services Limited need do nothing further in respect of this complaint. However, I would remind Clydesdale Financial Services Limited of its various obligations, going forward, to treat Mr G fairly and reasonably in light of what I understand might be both his personal and financial circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 September 2023.

Peter Cook
Ombudsman