

The complaint

Miss B is unhappy with several aspects of the service that she's received from Salary Finance Limited ("SFL").

What happened

In July 2021, Miss B successfully applied to SFL for a personal loan. The loan amount was £18,400 to be repaid over 60 months at £462.44 per month.

In June 2022, Miss B noticed that her online account was missing loan payments that she'd made earlier that year. Miss B contacted SFL about this and they confirmed that the loan payments weren't showing on her account at that time but said that when they were applied to the account they would do so retrospectively, so that Miss B wasn't adversely affected. Miss B asked SFL to provide an accurate account statement to her which showed all the payments that she'd made.

Several weeks passed without SFL providing the accurate account statement to Miss B. This led Miss B to request an early settlement figure from SFL. But SFL didn't provide an early settlement figure to Miss B and still didn't provide an accurate account statement to her either. Miss B wasn't happy about this, and she was concerned that SFL were administering her loan incorrectly. So, in July 2022, she raised a complaint.

SFL responded to Miss B in September 2022 and confirmed that the account statement she'd received in June 2022 hadn't included several payments she'd made earlier in 2022 because there had been a delay in applying those payments to her account. SFL apologised to Miss B for this and confirmed that the payments had now been credited to her account. And SFL made a payment of £50 to Miss B for any trouble or upset she may have incurred. Miss B wasn't satisfied with SFL's response, especially as she still hadn't received an accurate statement for her loan. So, she referred her complaint to this service.

One of our investigators looked at this complaint. They felt that SFL hadn't provided the standard of service to Miss B that they reasonably should have. And so, in February 2023, they recommended that SFL provide an accurate account statement and settlement figure to Miss B as a matter of urgency and pay her a further £100 as compensation for the trouble and upset she'd incurred.

SFL accepted the recommendations put forwards by our investigator. But by the end of May 2023, they still hadn't provided an accurate statement or a settlement figure to Miss B. So, the matter was escalated to an ombudsman for a final 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.

I issued a provisional decision on this complaint on 12 October 2023 as follows:

When Miss B referred her complaint to this service, she said that she felt that because SFL had failed to provide an account statement or settlement figure to her within a reasonable amount of time that SFL had failed to adhere to the terms of the loan agreement such that the loan was legally unenforceable.

This service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

This means that it isn't within my remit to comment on whether SFL can or can't legally enforce the loan agreement. If Miss B still wants a decision on this point, she would need to obtain one through a Court of Law – although I note that this appears to be a moot point, given that the loan has now been settled. However, I can comment on whether I feel that SFL have administered Miss B's loan in a fair manner.

It's my understanding that in July 2023, SFL did provide a full accurate loan statement and a settlement figure to Miss B – who then paid that amount to SFL to settle the loan. And it appears that this statement does include the payments from early 2022 that Miss B had made but which weren't initially showing on her account, and that those payments have been applied retrospectively from the correct dates as SFL had promised they would be.

As such, it seems to me from the loan statement and settlement figure information that SFL have provided to this service, that SFL have administered the loan fairly and correctly from a loan balance and settlement figure amount point of view.

But it remains the case that Miss B first asked SFL for an accurate loan statement in June 2022, and for a settlement figure in July 2022 – but only received these from SFL in July 2023. And by any reasonable standard, that is poor service.

I note from the loan statement that SFL stopped charging interest on the loan in July 2022, as a response to the ongoing service issues that Miss B had encountered up to that time. This means that Miss B made eleven loan payments – from August 2022 to June 2023 – on an interest free basis, such that the full £462.44 payment was used to reduce the capital balance of the loan. And given that in the months immediately preceding August 2022 the interest share of the £462.44 payments was approximately £250 – with roughly £210 being applied to reduce the capital balance outstanding – it seems clear to me that Miss B has benefitted considerably from SFL's decision to stop charging interest on the loan.

This is important, because while I do feel that Miss B has incurred a degree of frustration and inconvenience here surrounding the poor service she's received from SFL, I also feel that SFL acting to stop charging interest on the loan has been of significant financial benefit to Miss B and should be taken into consideration.

When our investigator issued their view on this complaint in February 2023, they recommended that SFL should provide an accurate account statement and a settlement figure to Miss B and that SFL should pay a further £100 compensation to her, in addition to the £50 that they'd already paid. And SFL accepted the recommendation of our investigator at that time.

However, it took SFL a further five months to provide the documents to Miss B as it agreed to do in February 2023. And in consideration of this ongoing delay, and the upset and trouble it's caused Miss B, my provisional decision here is that SFL must increase their payment of further compensation to Miss B from £100 to £200.

I had initially considered a greater award of further compensation here. But I've taken account of the general framework this service uses when assessing compensation amounts – further details of which can be found on this service's website. And I'm mindful, as per my discussion above, of the significant financial benefit that SFL have already provided to Miss B here, by not charging interest on this account from August 2022 onwards. And in consideration of these points, I feel that further compensation of £200 is a fair amount.

Miss B responded to my provisional decision letter and put forward an argument as to why she didn't feel the outcome I'd provisionally instructed was fair. This led me to issue a second provisional decision, on 6 December 2023, as follows:

Miss B responded to my provisional decision and said that she felt that she hadn't benefited from not being charged interest on the loan from July 2022 as I'd suggested. This was because she'd requested a settlement figure in July 2022 which she would have paid had it been provided to her when it should have been by SFL. As such, Miss B argues that she shouldn't have incurred interest on the loan from July 2022 onwards, because it should have been settled around that time, and that therefore the lack of interest she's paid on the balance at that time isn't a benefit, but is rather the act of SFL taking corrective action to put her in the position she should reasonably be in.

I feel that Miss B raises a valid point here. I note that it doesn't necessarily follow that a loan will be settled by an account holder who requests a settlement figure. But in this instance, given that a primary aspect of Miss B's complaint is that she was unable to settle the loan, I feel it's more likely than not that Miss B would have settled the loan in July 2022, had a settlement figure been provided to her by SFL at that time as she requested.

Consequently, my position on this point has changed, and I now feel that the argument that I put forwards in my provisional decision above that Miss B has benefited financially from the interest only period provided by SFL since July 2022 is invalid. Furthermore, I now feel that Miss B has incurred a degree of upset and frustration resulting from SFL's failure to facilitate the settlement of her loan in a reasonable timeframe that she shouldn't have had to incur, and for which I feel she should fairly be compensated for.

When deciding on compensation awards for distress and inconvenience, this service considers the impact that the events in question have had on the affected party. And in this instance, Miss B has evidenced that she suffers with anxiety and attention deficit hyperactivity disorder ("ADHD") and has explained how the events under consideration here impacted her adversely because of these conditions. And this includes that Miss B was continuously troubled by not being able to settle the loan as she wanted to.

Miss B has also explained that she made SFL aware of the effect of their not providing a loan settlement figure to her on her mental health. SFL have no record of Miss B ever disclosing her anxiety or ADHD to them. However, regardless of whether Miss B did or did not give details of her mental health to SFL or not, I feel that the previously described impact on Miss B of SFL not providing the loan settlement figure to her remains.

Accordingly, in consideration of the prolonged length of time that SFL didn't provide a loan settlement figure to Miss B, and in consideration of the significant impact of SFL's actions on Miss B because of her mental health conditions, my new position here is that I'll be provisionally upholding this complaint in Miss B's favour and instructing SFL to pay a further £650 to Miss B as compensation for the worry and anxiety she's unfairly had to incur.

In arriving at this compensation amount I've considered the impact of the events in question

on Miss B, as previously explained, as well as the general framework which this service uses when assessing compensation amounts – details of which can be found on this service's website. And it should be noted here that my intention is that Miss B should receive a total of £750 compensation, taking into account the £100 that she has already received.

This final point is important because Miss B has explained that she never received the £50 compensation that SFL initially offered her, such that she has only received £100 compensation from SFL to date. If Miss B is incorrect in this assertion, and if SFL can demonstrate that they did pay the £50 compensation they initially offered to her (so that they have paid £150 in total to date) then my provisional instruction is that SFL must only pay a further £600 to Miss B – so that she receives a total of £750 compensation.

It would be expected that SFL would evidence this point in response to this provisional decision within the timeframe given below. If no such evidence is received, I will proceed on the basis that Miss B has only received £100 compensation to date.

Both Miss B and SFL responded to my second provisional decision and confirmed that they were happy to accept it. SFL also demonstrated that they had paid £150 to Miss B to date, which was paid as a single payment to Miss B's bank account on 23 March 2023.

As such, I see no reason not to uphold this complaint in Miss B's favour on the basis outlined above. And I therefore confirm that my final decision here is that I do uphold this complaint in Miss B's favour on that basis accordingly. This includes that SFL must make a further payment of £600 to Miss B, in addition to the £150 they've already paid.

Putting things right

SFL must make a payment of £600 to Miss B.

My final decision

My final decision is that I uphold this complaint against Salary Finance Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 January 2024.

Paul Cooper
Ombudsman