

## SPSO decision report

**Case:** 201200711, Business Stream Ltd  
**Sector:** scottish government and devolved administration  
**Subject:** debt recovery / payment fees  
**Outcome:** some upheld, action taken by body to remedy, recommendations

### Summary

Mrs C formerly owned shop premises and was a customer of Business Stream. In July 2011 she closed her account and said that Business Stream told her that she would receive a refund. A few months later, she received a cheque for £496.35. Six months later Business Stream wrote to Mrs C asking her to repay this. Mrs C complained that when she phoned for an explanation, she was told that the payment had been made in error, and it was her fault because she had asked for a refund.

Our investigation confirmed that Business Stream closed Mrs C's account when she asked them to and that the next invoice sent to her was to make a payment to her account. A week later, a payment which should have gone to another customer's account was wrongly paid into Mrs C's account, and she was sent a cheque for the balance on her water account. When Business Stream discovered the error, they sent a reminder to Mrs C asking her for a refund. However, they did not explain the reasons for this, or why they did not issue an invoice before sending a reminder. They also started debt recovery procedures without notice.

We upheld Mrs C's complaint that they had mismanaged her account because we found that Business Stream sent Mrs C money in error. Because, however, they had accepted their mistake and apologised, credited her account with £20 and confirmed that steps had been taken to avoid this happening again, we did not make any recommendations.

We did not find that Business Stream delayed in contacting Mrs C about the error or that they acted unreasonably in demanding repayment from her because they did, after the initial letter, send a detailed explanation of how they calculated the amount they wanted back. We did recommend that Business Stream apologise to Mrs C for their poor communication as there were mistakes in the correspondence with her, which they accepted could have been confusing.

However, we upheld Mrs C's complaint that it was unreasonable to start debt recovery proceedings without notice. Business Stream told us that debt recovery begins when an outstanding balance on an account has not been paid for 14 days, and no formal payment plan or promise to pay exists. They accepted that they should have contacted Mrs C first to confirm the error, explain what happened and why a refund was being sought. As, however, Business Stream had already made a goodwill payment to Mrs C in line with their service standards, we made no further recommendations.

### Recommendations

We recommended that Business Stream:

- formally apologise for the mistakes in their letter.