

## **The complaint**

Mr B is unhappy that Cabot Credit Management Group Limited gave him confusing information about whether he still owed money or not.

## **What happened**

After Mr B got into financial difficulty with maintaining his contractual financial commitments, he arranged regular monthly payments through a Debt Management Company (DMC) to Cabot who managed his accounts. But on the offer of a gift from his father he contacted Cabot to look into settling his outstanding accounts.

In March 2019, Mr B called saying he'd settle one of his accounts by using the money from his father. He said he had two other accounts and was planning to settle these by consolidating them into a loan. Cabot told him the settlement figure needed for the smallest of his accounts, and that the same percentage deduction could be made to one of his other accounts. When Mr B queried his commitment to repay the joint account he had with his ex partner he was told this was closed, and he wouldn't be pursued for repayment.

Mr B called back the same day and agreed a settlement amount for the two active accounts that had been discussed. He made the payment, from the gift made by his father, and asked Cabot to send in writing confirmation the accounts were closed. Cabot wrote to him and confirmed the three accounts had been closed.

Cabot, after being told by Mr B's DMC that they were no longer acting for him, wrote to Mr B about a fourth account, with another lender I'll call "L". Mr B questioned this account with Cabot as he said they'd told him this account had been closed and that they wouldn't pursue him for the debt.

Cabot said Mr B opened the loan account with lender "L" in July 2008, in 2017 Cabot was instructed to manage the account. And Mr B had been making regular monthly payments through his DMC.

Cabot said the loan from "L" hadn't been discussed in the call. And that Mr B had confused the account with the joint account he'd had with another lender. Cabot apologised for any confusion that had been caused and offered to pay Mr B £100.

Mr B wasn't happy with Cabot's response and referred his complaint to us.

Our investigator said she thought Cabot should pay Mr B a further £100 to recognise the trouble and upset he'd experienced because of the lack of clarity provided by the advisors during the calls. Cabot didn't agree and has asked for an ombudsman to make a 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. Having done, so I'm upholding Mr B's complaint. I'll explain why.

I've listened to the calls Mr B made to Cabot and it's clear that Mr B was looking to settle his various accounts. The reference he gives each time only relates to one of the accounts, but he says he has two other accounts. The call was about clearing his debt either with a gift from his father or by consolidating all the debt into one loan.

Given the nature of the conversation I'd have expected the advisors to have made clear to Mr B what accounts he had with them. Mr B said he needed to know how much he owed, so he would know how much he needed for the consolidation loan.

But the advisors only confirmed the amounts owed on two of his sole accounts. And after some discussion about his responsibility for a joint account with his ex partner, confirmed to him that this account was closed. There was no mention of any other loan. And I'm satisfied, when Mr B settled the two accounts with a gift from his father his understanding was that this had settled all of his accounts.

Mr B is told by the advisor to tell his DMC that the accounts are closed. And given that the DMC told Cabot they were no longer dealing with Mr B I think this shows Mr B thought all his accounts had been closed.

I can understand Mr B's frustration when believing he was debt free and no longer working with the DMC to find a couple of months later that he still owed a substantial loan. This must have been very upsetting.

From listening to the calls I know the loan wasn't mentioned by either Mr B or Cabot. Mr B only asks about three accounts, at no point is he told he actually has four accounts. And I think Mr B's clear objective was to clear his debt. So, I think Cabot should have detailed all the accounts he had with them. I think in not doing this Mr B didn't have the opportunity of consolidating his debt as he had intended to do. But instead he negotiated a settlement amount for the two loans as he was able to pay this with the gift from his father.

So, I can understand why Mr B was confused by the conversations he had with Cabot. But I can't say that Mr B shouldn't pay this debt as it is something that he did still owe. Cabot has agreed that the calls had confused Mr B and offered him £100 to reflect this. But I don't think this is enough to compensate Mr B for trouble and upset caused.

## **Putting things right**

As outlined above Mr B was clear as to what he wanted to do and I don't think Cabot did enough to help him. And Mr B had the upset of knowing he wasn't debt free and the trouble of needing to arrange repayment after he'd stopped using the DMC. So, I agree with our investigator that Cabot should pay him a further £100 to apologise for the trouble and upset this has caused.

### **My final decision**

I uphold this complaint. And ask Cabot Credit Management Group Limited to pay a further £100 (in total £200) for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 March 2020.

Anne Scarr  
**Ombudsman**