

## **The complaint**

Mr W complains that Debt Managers (Services) Limited are chasing him for a debt that isn't his. He also complains that the resulting marker on his credit file has prevented him from getting mortgages.

## **What happened**

Mr W said he received a letter from a debt management company in 2018, chasing him for an outstanding debt it said he had with a finance provider. Mr W ignored the first letter as he said he'd never had any dealings with either the debt management company or the finance provider. In October 2018 Mr W said he received another letter threatening action if the debt was not paid.

In May 2019 Mr W contacted Debt Managers to explain that a further letter he'd received wasn't for him and the debt was not his. Debt Managers asked for proof of his home address between 2016 and 2017 which Mr W provided.

Mr W wasn't satisfied with how Debt Managers had handled the situation and the impact on his credit file so he filed a complaint. In its final response in September Debt Managers accepted the debt in question wasn't related to Mr W and committed to updating his credit file. Mr W remained unhappy and brought his complaint to this service. He provided evidence of declined mortgage offers.

Our investigator thought that Debt Managers should have done more for Mr W who, he said, had been chased for a debt which wasn't related to him and had been caused unnecessary stress. He concluded that £200 compensation was fair and reasonable. But the investigator said that without any formal evidence from the mortgage provider explaining the specific reason for declining the application he wouldn't expect Debt Managers to cover any additional costs.

Mr W asked for a final decision from an ombudsman. He said he was thousands of pounds out of pocket. Mr W explained that he has three properties which he had been unable to re-mortgage because of his credit file. This has meant he's on variable interest and is paying more per month for each property.

## **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 realise this will disappoint Mr W but having done so I believe £200 compensation is fair and reasonable and I won't be instructing Debt Managers to do more than that.

Debt Managers has accepted that the debt involved does not belong to Mr W and has written twice to the credit reference agencies to remove the default. Mr W believes this has cost him a substantial amount of money in the form of higher mortgage interest rates for his properties. He said his properties were costing him approximately £180 more per month for

the following 12 months. He is also upset that a company can do this clerical error to an innocent person and get away with it. He said this has affected his business and life.

I do appreciate Mr W's strength of feeling in this matter and his frustration is completely understandable. For me to direct Debt Managers to pay Mr W for his mortgage interest rate losses I must be satisfied that they are as a direct result of Debt Manager's actions.

Mr W provided copies of his mortgage applications. I can see that in June 2019 he was declined a mortgage based on a failed credit score. A hand-written note on the page says the applicant, Mr W, now has a default.

Mr W has also submitted a copy of his credit report along with screen shots of his credit report summary, last updated in December 2019. I can see the date of default from Debt Managers is 20 September 2018.

I also note there is a second default recorded from a different debt management company. The date of this default is 23 August 2018. Mr W has reported that he received a letter from a debt management company in October 2018. But Debt Managers has said it conducted its trace on 1 May 2019 and first contacted Mr W after that. So it does seem possible the other debt management company wrote to Mr W prior to May.

It's evident that at the time Mr W applied for his mortgages there were two defaults registered but only one from Debt Managers. And given there were two defaults and there is no evidence from the mortgage provider explaining the detailed reason for declining the application, beyond 'credit score failed', it's not possible for me to determine what impact, if any, the default from Debt Managers, specifically, had on his mortgage applications. And so, it wouldn't be fair of me to hold Debt Managers accountable for Mr W's interest rate losses.

Mr W also complained that Debt managers hadn't updated his credit file by January 2020. Debt managers confirmed that it wrote to the credit reference agencies in September 2019 and February 2020. It confirmed it had confirmation these were correctly issued on both occasions. If Mr W is still having problems with this then it would be prudent to talk to the credit reference agencies themselves.

### **Putting things right**

I believe £200 compensation is fair and reasonable for the distress caused.

### **My final decision**

My final decision is that I uphold this complaint. Debt Managers (Services) Ltd must pay Mr W £200 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 December 2020.

Maxine Sutton  
**Ombudsman**