

The complaint

Mr B is unhappy Paragon Finance PLC (Paragon) are contacting him in pursuit of a debt it says he owes, despite it not having a copy of the credit agreement for the original borrowing.

What happened

In 1999 Mr B took out a hire purchase agreement for a vehicle. After experiencing financial difficulties Mr B handed the vehicle back to the lender – and this was sold to repay some of the borrowing. But it seems the sale of the vehicle didn't cover the full amount. So, there was still an outstanding balance Mr B needed to pay.

Some years later the original lender sold the remaining balance of this borrowing to Paragon. So, Paragon contacted Mr B and let it know it was now dealing with the debt moving forward. And that payments would need to be made to it.

Mr B requested that Paragon provide a copy of the credit agreement he signed when taking out the loan in the first place. He said he had concerns about the amount still payable on the debt. Mr B felt he had already paid what he needed to in respect of the borrowing – and that being asked to pay more was unreasonable.

Paragon attempted to get a copy of the credit agreement from the time the borrowing was given. But, despite its attempts, it couldn't get a copy. So, it let Mr B know it couldn't provide this information to him. And it acknowledged that until it was able to provide a copy of the credit agreement, it couldn't enforce the debt through legal action.

Paragon did however explain to Mr B that it was satisfied he did still owe an amount of £18,972.71 to it. It said it had statements showing the amount borrowed – and the amount there was left to pay. And because it was satisfied there was still an amount owing, it would still contact Mr B to request he made payments towards the balance.

Mr B didn't feel this was fair. He remained in disagreement in respect of the amount of debt owed. And he said Paragon shouldn't still be asking for payment, given it couldn't provide him with a copy of the credit agreement. So, he referred his complaint to this service, for an independent review.

Our investigator didn't think this complaint should be upheld. He said Paragon had acknowledged the debt wasn't enforceable. But it had acted fairly in pursuing Mr B for the remaining balance owed. He said he had seen statements from the original lender, showing what the balance of the loan was, and what was owed on this. So, he was satisfied Paragon were acting reasonable in the amount it said was owed, and on pursuing this amount.

And he didn't think the level of contact Paragon had undertaken in its attempts for payment were unreasonable.

Mr B disagreed. He reiterated that because the debt wasn't enforceable, Paragon should not be pursuing him for it.

Because Mr B didn't agree, this complaint has been referred to me to decide.

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've decided not to uphold this complaint. So, I won't be requiring Paragon to do anything differently.

Mr B has noted that the debt in question is not enforceable because of a copy of his credit agreement can't be located and provided to him. It's important to note that the enforceability of a debt isn't for this service to decide – it is a matter for a court. So, I haven't considered whether Paragon can successfully enforce the funds owing here.

Instead, I've needed to think about whether Paragon acted reasonably in pursuing Mr B for the amount it said was owed to it. Having looked at the evidence provided to me, I'm satisfied Paragon didn't go anything wrong.

Paragon has provided account statements from the original lender, as well as information about the payments Mr B made to it once it purchased the debt. And on looking at these, I can see they show there is a balance left to pay on the debt. This is £18,972.71. And I'm aware this is the amount Paragon has asked Mr B to pay towards. Because this is an accurate reflection of the amount still owing on the account, I'm satisfied it is fair for it to request payments to settle this.

Mr B has said the actions Paragon has taken to pursue the debt have been unfair. And he felt he was being harassed by it. So, I've considered the actions Paragon took – to decide whether these actions were reasonable. And, I think they were.

Paragon did initially contact Mr B on purchasing the debt to seek payment. And I can see when Mr B contacted Paragon to let it know he had concerns about whether he owed the funds, it looked into this, and provided Mr B with responses to his queries.

There were occasions when collections activities were put on hold because of the concerns Mr B raised. And, when contact began again following this, I don't think this was at an unreasonable level. Paragon did send regular letters to Mr B. And when it didn't hear from Mr B in response to these, it sent someone to his property, to try and establish contact with him.

I think it was reasonable for it to try and establish contact with Mr B by letter first, in order to seek payment. But when it had been unsuccessful, I don't think it acted unfairly in sending an agent to his property to try and successfully contact him. Given that I don't think the level of contact was excessive or unreasonable in the circumstances, I'm satisfied Paragon didn't do anything wrong in this respect.

My final decision

Given, the above, my final decision is that I don't uphold this complaint. So, I'm not asking Paragon Finance PLC to do anything differently in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 May 2020.

Rachel Woods
Ombudsman