

The complaint

Mrs L says PRAC Financial Limited has treated her unfairly in the way it is pursuing her for a debt.

What happened

Mrs L took out a fixed sum loan agreement in January 2014 from a lender. The lender registered a default on Mrs L's credit file in December 2014. In December 2016 PRAC bought this debt from the lender and took over reporting on Mrs L's credit file. It subsequently instructed a firm to collect the debt from Mrs L. Mrs L points to periods of being chased by the firm and periods of being ignored by it. Mrs L wants the default removed and compensation for the distress and inconvenience suffered.

Mrs L complained to PRAC about what happened, and it said that it had treated her fairly overall. Mrs L disagreed, so she brought her complaint to our service.

Our Investigator decided that PRAC had treated Mrs L fairly. As Mrs L remains unhappy this complaint has been passed 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.

PRAC and Mrs L don't agree to some of the key issues here. So I can only make my decision based on the evidence provided to me by the parties. In short I must decide what is most likely to have happened. Or in other words, what happened on the balance of probabilities.

One of Mrs L's main arguments regards the legality of the sale of the debt book (which included this particular debt) from the lender to PRAC. She contends it is unfair and was contrary to the law. I should start by saying it is not for this Service to be deciding on commercial arrangements between firms. I should add that under the rules which this service (and thus I) operate I am required to take into account the law, but I am not necessarily bound by it. I am obligated to make fair and reasonable decisions based on the evidence available in particular disputes.

Here I must consider whether PRAC has treated Mrs L fairly or not. And bearing in mind that Mrs L accepts she took the loan agreement originally (and thus had the benefit of the credit) and that PRAC says she owes it the money, it is fair that if I'm satisfied she owes the money then she should repay it to the company who holds the debt now, namely PRAC.

Furthermore this decision is with regard to PRAC and PRAC solely. Mrs L has made a number of comments regarding the lender's sale of the loan to her and its fairness. PRAC isn't responsible for the sale of the loan as it only took responsibility for the debt not the loan sale when it purchased this debt. Mrs L has said the lender doesn't exist anymore. Where

consumers have a complaint about financial services firms who can no longer meet their obligations they can contact the Financial Services Compensation Scheme to see if their complaint is covered under that scheme.

I have considered the fixed sum loan agreement and I can see Mrs L borrowed £700 and was due to repay a total of £895.93. I've seen an account statement from the lender showing Mrs L had made repayments totalling £391 leaving a balance of £504.93. I've not seen any persuasive evidence from Mrs L to show that she has made any payments to this debt since PRAC took ownership of the debt. On balance I'm satisfied that PRAC purchased this debt from the lender. I can see the firm acting as agent for PRAC is asking Mrs L to pay £504.93. So I'm satisfied that Mrs L owes PRAC £504.93. So I think it fair that Mrs L should pay PRAC that amount and that PRAC or its agents is entitled to ask her to pay it. Whether or not the agreement is enforceable in law is for a Court to decide. Nevertheless I think it fair that PRAC can ask Mrs L to pay it what she owes (whether it is enforceable or not) as I'm satisfied she owes that amount.

Mrs L points to a letter stating she has repaid £3910 towards the debt. I've considered this letter carefully and the statement from the lender showing Mrs L had repaid £391. Mrs L hasn't provided any persuasive evidence that she had paid the lender or indeed PRAC more than £391 described. So on balance I consider this to be a typographical error in this letter.

Mrs L has asked for the default to be removed from her credit file. PRAC didn't default Mrs L the lender did. So if Mrs L wishes to complain about the lender defaulting her originally I refer to my earlier comments on the matter.

PRAC is however responsible for the credit reporting regarding this debt and has been since it purchased the debt. After six years defaults drop off credit files and that amount of time has now passed since the default was registered. I've seen no persuasive evidence of any mistake here in reporting the default on Mrs L's credit file by PRAC. So I don't think PRAC has done anything wrong here. And if it volunteered to remove the default as a gesture of goodwill then that was its commercial decision, but overall I see no unfairness here.

Mrs L points to the correspondence issues with PRAC and the firm it chose to represent it. I've not seen any persuasive evidence of Mrs L informing PRAC she'd moved address. So when PRAC or the firm representing it wrote to her at the wrong address I don't think this was its fault. I can also see Mrs L wrote on occasion to the wrong address for the business also. So I can understand why there was some failings in communications between the parties. But as I've seen no persuasive evidence of Mrs L trying to pay this debt for some time I'm not persuaded she's lost out significantly. And I can see PRAC has attempted to contact Mrs L on numerous occasions.

Mrs L has also argued about some rules that the Financial Conduct Authority introduced for loans such as Mrs L took. However, as has been explained to Mrs L, her loan isn't covered by these rules as the loan was made prior to the rules coming into force. Furthermore considering the terms of the loan it wasn't impacted by these rules anyway. So I don't think Mrs L has made a persuasive argument here.

PRAC points to making an offer to Mrs L so she could close the matter by paying back less than she owes. So I think PRAC has treated her fairly in trying to bring this issue to an amicable resolution. Whether or not it reopens this offer is up to it as it's a commercial decision for PRAC.

Mrs L argues that she asked for a lot of the documentation in this case previously. The investigator in this case enclosed these with his views on the matter. I've seen these documents and if Mrs L wishes further copies these can be forwarded to her at her request.

All in all I'm satisfied that PRAC hasn't treated Mrs L unfairly. So I don't think it needs to do anymore.

I appreciate Mrs L will be disappointed by my decision. Mrs L is at liberty not to accept this decision if she doesn't want to. It may be that she wishes to continue her dispute with PRAC through other avenues. However this final decision ends this Service's involvement in Mrs L's dispute with PRAC on this matter.

My final decision

For the reasons set out above, I do not uphold this complaint against PRAC Financial Limited. It has nothing more to do with regard to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 5 February 2021.

Rod Glyn-Thomas
Ombudsman