

## **The complaint**

Mr W complains that Cabot Credit Management Group Limited obtained a County Court Judgment (CCJ) against him when it shouldn't have done so.

## **What happened**

Mr W is unhappy that Cabot incorrectly applied a CCJ on his credit file five years ago. He says that he only found out about the CCJ when he checked his credit file. Mr W wants Cabot to compensate him for the impact the CCJ has had on him.

For ease I will refer to Cabot throughout my decision although I realise that some steps, such as the legal action which resulted in the CCJ, will have been taken by others on behalf of Cabot.

Cabot bought a debt in the name of Mr W from business Y in 2013. After unsuccessful attempts to recover payment from Mr W, Cabot issued legal proceedings in 2014. As Mr W didn't reply to the court action, a CCJ was entered against him in default.

Cabot made unsuccessful attempts to enforce the CCJ against Mr W. In 2018, Cabot found a new address for Mr W.

In June 2020, Mr W told Cabot that the original account with Y had been closed previously so the debt shouldn't have been sold to Cabot.

Cabot wrote to Mr W in July 2020, to say that Y had bought the debt back and the CCJ was being set-aside. Cabot offered Mr W £200 to apologise for not calling him back as agreed. Cabot later increased this offer to £450 in recognition of the distress Mr W must have felt as a result of the CCJ appearing on his credit file.

The investigator didn't recommend that Mr W's complaint be upheld. He thought that Cabot had bought the debt from Y in good faith. The investigator didn't think it was fair to hold Cabot responsible for Y's communication failure.

The investigator considered that Cabot had done enough to try and resolve matters. He thought Cabot reacted promptly to Mr W's complaint. The investigator thought Cabot's offer to pay £450 compensation was fair and reasonable.

Mr W disagrees with the investigator's recommendation. He is unhappy that Cabot says it obtained the CCJ legally when the account had been sold incorrectly. Mr W wonders why Cabot has now set aside the CCJ if it wasn't wrong to seek it in the first place.

## **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 agree with the investigator that Cabot has done enough to put things right. I don't intend repeating all the details the investigator has already set out to Mr W but I want to reassure him that I've taken them in to account when reaching my decision.

I can't reasonably find that Cabot made a mistake when it bought the outstanding debt from Y. At this point in time, Y hadn't upheld Mr W's complaint about the account so on the face of it, there was still a debt to pay.

Cabot asked Mr W to repay the outstanding balance. Cabot doesn't have any record of Mr W replying, so I can't say that it was wrong for Cabot to then start legal action against Mr W.

I appreciate that Mr W told the investigator that he wasn't aware of the court proceedings. But Mr W also said that he didn't move to a new house until about 2016 or 2017 which is a few years after Cabot started to try and collect the debt. And some time after the CCJ was obtained.

It wasn't until 2018 that Y agreed it had mis-sold the account to Mr W so there shouldn't have been a balance to sell to Cabot. But as far as I'm aware, Y didn't tell Cabot that the debt shouldn't have been sold. This appears to have been a failure in communication on the part of Y rather than Cabot. So, I don't consider I can hold Cabot responsible for the CCJ remaining on Mr W's credit file for an extended period.

Once Mr W contacted Cabot to complain about the CCJ on his credit file, it took reasonable and prompt steps to get to the bottom of the problem. Y bought the debt back and the CCJ was set aside. Although there were some service failings along the way, I consider Cabot has offered and done enough to put things right for Mr W.

I don't want to downplay the impact that the CCJ has had on Mr W's credit file but for all the reasons I've set out above, I don't find that this was down to a mistake that Cabot made. I'm sorry that my decision is likely to come as a disappointment.

### **My final decision**

My decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 February 2021.

Cabot Credit Management Group Limited should pay Mr W the £450 it's offered, if it hasn't already done so.

Gemma Bowen  
**Ombudsman**