

## **The complaint**

Mr F complains that Arrow Global Limited obtained a County Court judgment (CCJ) against him despite the debt being subject of a Debt Management Plan (DMP). He wants the judgment to be set aside and compensation.

## **What happened**

Mr F tells us that he entered into an arrangement to repay a debt which was owed to Arrow. He says the debt was amongst others that were being administered on his behalf through a DMP administered by an organisation I'll refer to as "S". He says he maintained his payments to S and doesn't know why payments weren't made to Arrow. He said that Arrow took court proceedings against him and that it obtained a CCJ in 2019.

Arrow told us that it had employed various debt collectors to recover the loan. And it said in its final response letter that a payment arrangement had been agreed through S in April 2017. But other than one payment received later that month (£5) it hadn't received any payments since April 2017. It said that numerous efforts to contact Mr F hadn't been successful and a decision to take court proceedings had been made.

I issued a provisional decision on this complaint on 1 December 2020. I said that I didn't intend to uphold the complaint. And that Arrow had been entitled to take action as no payments had been made to it since September 2017.

Both parties have replied and I thank them for their responses. Arrow said it had nothing to add. Mr F didn't agree with my provisional view. And said that he'd never tried to avoid the debt.

I'll deal with the points raised by Mr F in my final decision which is set out below. But I'm not minded to change the outcome as stated in my provisional 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.

I understand that Mr F would be upset at being taken to court about a debt which he thought was being paid through a DMP.

I need to explain from the outset that I'm only able to look at certain aspects of Mr F's complaint. And I'm not able to set aside a judgment of a court or question if a CCJ should have been made. But I am able to look at whether Arrow has acted fairly in the way it's sought to collect this debt prior to the CCJ.

Mr F's complaint is that having entered into a DMP in order to repay several creditors, including Arrow, he doesn't think it was fair that Arrow issued court proceedings when he's kept up the payments to S. And he'd thought that Arrow was being paid as part of the DMP.

I'm aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not responding to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've concentrated on what I think are the key issues here. Our rules allow me to do this.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Arrow purchased the debt which Mr F had owed to another business in October 2016. Since then the debt has been placed with various collection agents commencing with a company I'll refer to as "C". And it's not in dispute that as part of Mr F's DMP an agreement was made with C, in April 2017, for monthly payments to be made.

I've been supplied with information from both S and Arrow about the circumstances which led to the payments being stopped. That information is contradictory and doesn't fully explain what took place.

Arrow has stated that the debt was initially being collected on its behalf by C. And it said in its final response letter (FRL) that only one payment had been made to C (on 24 April 2017) before the agreement was broken. Arrow explained that it then transferred collection of the debt to a company I'll call "N" in July 2017. From then the debt passed through other collection agents until it was placed with a business I'll refer to as "D". And it was D which, on behalf of Arrow, eventually commenced the court proceedings in 2019, leading to the CCJ.

I don't think that the timeline Arrow has provided is a wholly accurate statement of events. It's clear from the account statement which I've seen that payments were received by C in each month between April 2017 and September 2017.

Mr F has also provided some account notes which he says has been supplied by S. Unfortunately, these don't appear to cover the period after 22 March 2017 and before 25 September 2017. On this latter date it's recorded that the "*creditor is no longer dealing with the account*". And it later goes to record that a letter was sent to Mr F to this effect and advising him that the account was placed on hold.

I've also seen a copy of an email which was supplied to this service in November 2019. That email is from S to Mr F. And it confirms that in September 2017, S had notified Mr F that his debt was on hold and that it would need updating within six weeks. As it (S) hadn't been updated the debt had been removed from the plan and no payments made.

Where information is incomplete, unclear or contradictory - as some of it is here - I reach my conclusions on the balance of probabilities. That is, what I think is most likely to have happened in light of the available evidence and the wider surrounding circumstances.

As there's no record in S' notes of the arrangement regarding the account collection being transferred in July to N, it seems probable the reference to the creditor no longer dealing with the account is a reference to C's previous involvement. But why S doesn't seem to have recorded that the account collection had moved from C to N I'm unable to explain.

As it happens, I don't think this changes things materially in terms of the outcome of this complaint. I'll explain why. S notified Mr F that the account was placed on hold and explained to him that if details weren't updated, payments to Arrow would be removed from

the DMP. I can't see that any further update was provided to S by Mr F. And so the payment to Arrow was removed from the DMP.

Between late 2017 and January 2019 various attempts were made by other collection agents, on behalf of Arrow, to communicate with Mr F. But these efforts don't seem to have been successful. Our investigator noted that the address and mobile phone number of Mr F was recorded correctly in Arrow's records. So it's not clear why no response was received to these requests for contact and payment. Certainly, I'm not suggesting he didn't intend to repay the debt. It may be that Mr F simply assumed payments were still being made to Arrow and didn't pay close enough attention to the details of the contacts.

On 23 January 2019, D wrote to Mr F explaining that it had now taken over the collection of the debt. This was followed by further letters requiring payment but offering the possibility of a payment arrangement if Mr F was unable to pay the full amount immediately. Finally, a letter warning of impending court action was sent. As far as I can see no acknowledgement of these letters was made by Mr F.

But after the court claim had been issued Mr F acknowledged he owed the debt and I understand the CCJ was made, based on this admission. Since then Mr F has made arrangements to pay the debt by instalments.

As S had advised Mr F that the account had been put on hold and that in the absence of an update it would remove Arrow from the DMP, I find he knew, or ought reasonably to have known, the payments were not being made to Arrow after September 2017. And letters sent later by collection agents also confirmed that the payments weren't being made.

As he was offered the opportunity to respond to contact and make fresh arrangements prior to court proceedings being started I don't find Arrow did anything wrong in authorising those proceedings. Accordingly, I'm not upholding this complaint.

### **My final decision**

For the reasons given above my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 9 February 2021.

Stephen Ross  
**Ombudsman**