

The complaint

Mrs S complains that Virgin Media Mobile Finance Limited (VM) pursued her to repay a debt that it should have written off following completion of a debt relief order (DRO).

What happened

Mrs S took out a loan to pay for a mobile phone with VM in October 2016. Mrs S defaulted on the agreement in March 2017. In December 2017 Mrs S applied for a DRO and included the debt to VM in her application. The DRO was approved on 25 January 2018.

Mrs S said that after the moratorium period ended in January 2019 the debt should have been written off but VM continued to pursue her.

VM said that the debt was incurred before Mrs S entered the DRO and it was entitled to pursue her after the end of the moratorium period.

Our investigator looked into Mrs S's complaint and recommended that it was upheld. They concluded that the evidence provided from Mrs S showed that the debt to VM was included within the DRO and so at the conclusion of the DRO the debt should have been written off. The investigator thought that VM's actions had caused Mrs S considerable trouble and upset and recommended VM pay Mrs S £200 compensation to reflect this and remove any entries from her credit file.

VM agreed with the investigator. Mrs S thought that the amount of compensation was too low and provided further information about the impact VM's actions had on her personal relationships and her mental health. The investigator reconsidered their view and thought that £500 would be fair and reasonable. VM didn't reply. So as the case hasn't been resolved informally it has been passed to me to make a final decision. This is the last stage in our process.

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.

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving reasons for my decision.

I can see from the evidence provided that Mrs S included the debt to VM in her application for a DRO. There is no evidence that Mrs S did not satisfactorily comply with that order so at the end of the moratorium period the debt to VM should have been written off.

VM should not have pursued Mrs S for this debt and it appears from the response to this service that VM agrees.

I don't doubt that it was upsetting and distressing for Mrs S to be dealing with this matter after she had taken steps to put her finances back in order and deal with her debts. I can see that it has been frustrating for Mrs S to deal with VM and it isn't clear why this was not swiftly

resolved.

Mrs S has explained that this has caused her considerable anxiety and has exacerbated her mental health difficulties. In addition, it has placed a strain on her relationship.

VM has not responded which has added to the delay in getting the matter resolved.

Putting things right

In these circumstances I agree with the investigator that £500 is a fair and reasonable amount of compensation to reflect the trouble and upset caused.

VM should pay Mrs S this amount and also take steps to remove any adverse information from her credit file that it has recorded about this debt after the DRO was granted.

My final decision

My final decision is that I uphold this complaint and Virgin Media Mobile Finance Limited should put things right by doing as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 18 March 2021.

Emma Boothroyd
Ombudsman