

## The complaint

Mr R's unhappy with Arrow Global Limited's actions when asking him to repay a debt on a credit card.

A number of other companies are involved in this complaint, but for any actions Arrow are responsible for, I've just referred to them.

## What happened

I issued a provisional decision, and set out what'd happened, and what I thought was a fair way to resolve the complaint.

*Mr R says he was contacted out of the blue by a company collecting a debt on behalf of Arrow. They said he owed £5,024.52 and a default was recorded on his credit file. He asked them to send copies of the paperwork but never received satisfactory copies of these. He said he received a copy of the Consumer Credit Agreement (CCA), but elements of it weren't legible. And he said there wasn't enough of an audit trail relating to account numbers between who he had the credit with previously, and this demand for payment. He also said the start date of the agreement didn't seem to be correct – and upon receiving a response to a Subject Access Request (SAR) he'd made, he said they'd noted his marital status incorrectly. And he said the statements weren't in the prescribed format, there were inconsistencies with his address, he disputed the outstanding balance, and the date of the default was potentially incorrect.*

*Mr R raised these issues to Arrow, and in summary they said:*

- *Default – Mr R's account was defaulted before they bought the debt. And said they were reporting a balance of £5,024.*
- *CCA – they said the agreement had been signed by Mr R, and were satisfied they'd provided all they could – which was enough to satisfy the requirements of the Consumer Credit Act 1974.*
- *Audit trail of account numbers – Mr R's account has changed through a number of hands, but they're satisfied the debt they're asking him to repay is the same one as set out in the CCA.*
- *Date of agreement – the CCA is signed on 25 March 2011, but the agreement had to be processed so 26 March 2011 is the correct date the agreement started.*
- *SAR – they said sorry for the incorrect information being recorded.*

*Arrow also said sorry for some poor complaint handling and sent Mr R a cheque for £150. Arrow have since said this cheque was cashed in June 2019.*

*Unhappy with Arrow's responses to his complaint Mr R asked us to look into things. One of our investigators did so and partially upheld Mr R's complaint. He said Arrow needed to:*

- *Amend the start date of the account to 25 March 2011 as there were transactions showing on this date.*
- *Amend Mr R's outstanding balance to £4,912.11 in line with the last statement available on the account.*
- *This information needed to be reported correctly to the credit reference agencies.*
- *And Arrow should pay Mr R a total of £250 for the distress he's been caused.*

*But our investigator felt the default had been applied fairly, the CCA was a good enough copy for the purposes of the Act, and the audit trail of the account was sufficient to prove this was Mr R's account. And our investigator didn't feel there was anything we could do about Mr R's concerns about his SAR, so suggested he get in touch with the Information Commissioner's Office (ICO).*

*Arrow didn't accept this outcome. They argued the information they had showed the start date of the account as 26 March 2011 so wouldn't update it. They also said the balance of £5,024.52, rather than £4,912.11 is because of the statements saying interest would be added. Because of this, they said they couldn't agree to updating Mr R's credit reference files and wouldn't agree to the compensation.*

*Initially Mr R said he accepted the outcome our investigator came to. But then said he found further information which meant he didn't think the debt had been proven to be his – so the default should be removed, the debt cleared, and they should pay him compensation. Mr R didn't mention the SAR in his reply to us.*

*So, the complaint's been passed to me to decide.*

### ***What I've provisionally 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 want to firstly explain to both Mr R and Arrow that I've read all the information they've provided in detail. Given the long history of this complaint I've not reflected everything I've been told, but only information relevant to the outcome of this case. I've also not considered the SAR Mr R originally complained about, as he's not mentioned this in his replies to us.*

*Is it fair for Arrow to ask Mr R to repay the debt*

*Mr R has provided a substantial amount of information and evidence to support his argument the debt isn't something Arrow can ask him to repay and is unenforceable. This includes arguments about the CCA not being a 'true' copy, and that there isn't a good enough audit trail to prove the debt is his. But Mr R has also said he took out a credit card with the same company where the debt originated from.*

*I think it's helpful to say at this point my role isn't to decide whether the agreement is enforceable as Mr R has asked. If Mr R wants to pursue whether the debt is enforceable, he may wish to seek legal advice. So, I won't be deciding whether Mr R has been provided with a 'true' copy of the agreement – but simply whether I'm satisfied it's fair and reasonable for Arrow to ask Mr R to repay the debt.*

*Mr R has said the reconstituted version of the CCA doesn't include the prescribed information as set out in the rules and there were inconsistencies with his address, so Arrow can't ask him to repay the debt. But I don't agree Arrow can't ask Mr R to repay the debt. I'm satisfied we've been provided with sufficient evidence to demonstrate the debt Arrow has asked Mr R to repay is his.*

*This information includes an audit trail showing when his debt was transferred from his original lender, to another lender together with evidence to demonstrate Mr R was sent this information. And it includes enough information about the different account or customer numbers assigned to this debt when it was transferred to make me satisfied it's the correct debt.*

*Mr R has also said the statements weren't in the prescribed format. The result of this would mean Arrow can't charge interest on the outstanding balance, but they haven't charged any interest, so I don't think this has had an impact on Mr R.*

*Also the address history with the different companies seem to match Mr R's addresses. The account was run as is expected of an account. There doesn't seem to be a big dispute that the original debt was his – and that is where most of the balance has accumulated. Based on everything I've seen, on balance I think Mr R took out this debt, he ran up the balance and managed the account as expected. And even though the debt has been sold on and had some changes of account numbers I think it's the same debt. Because of this, I'm satisfied Arrow isn't acting unfairly by seeking to recover the debt.*

*So, taking everything into account, I'm currently satisfied on a fair and reasonable basis Arrow are allowed to ask Mr R to repay the debt.*

*Date of the default, and whether it should apply at all*

*Mr R has said he doesn't believe a default should be applied because Arrow haven't proven the debt is his – but for the reasons I've explained above I'm satisfied they're currently acting fairly in asking him to repay it. So I've gone on to consider if Arrow is fairly reporting the default.*

*In relation to the date, Mr R has said he was sent a letter in December 2014 saying his debt was going to be defaulted at the end of that month, so it shouldn't have been defaulted in May 2015. Because of this, as a minimum he's asked the date to be changed.*

*We asked Arrow about this. They explained the lender at this time of Mr R's credit card had a policy where they would send a default notice if the account was 37 days in arrears. The default isn't applied until the account is 180 days in arrears.*

*This isn't unusual practice, as it gives consumers like Mr R an opportunity to bring an account into order before more serious consequences are applied. And I note the letter dated December 2014 doesn't say they will default his account, it says to avoid further consequences payments need to be made to the account. So, it seems likely this letter was the default notice sent after 37 days of no payment.*

*But, I've looked at Mr R's statements to show when the last payment was made to make sure the timeframe Arrow explained is what's actually happened to Mr R's account.*

*The information I have shows the last payment made, that wasn't reversed, was 1 September 2014. There's another payment on 28 November 2014, but this payment was reversed – so I don't think it can reasonably count as a "payment" for the purposes of starting the default process.*

*The default notice is dated 10 December 2014 – which would mean, for Arrow's explanation to be true, the last payment would need to have been made around the beginning of November 2014. But, the evidence I have shows the last payment was made two months earlier.*

*Because of this, I think Mr R's account should have been defaulted two months earlier than it was. So, as Arrow have a responsibility to record the correct information, I currently plan to say Arrow need to amend the date of the default to be recorded as at the end of March 2015, rather than end of May 2015.*

Date of the credit agreement

*Mr R says the date he took out the credit agreement was 25 March 2011 but says the date Arrow have recorded is 26 March 2011.*

*Arrow say the reason for this is because even though it's true Mr R did sign the agreement on 25 March, they've been told it took a day for the account to be processed – so it's correctly recorded as 26 March and they won't be updating the date.*

*Mr R is making this argument because he believes it supports his position the account isn't his. But I can't agree with that for the reasons I've explained above.*

*I do think though the date of agreement needs to be updated with the credit reference agencies. I say that because the statements I have for Mr R's account show transactions on 25 March 2011.*

*Arrow have said the agreement took a day to open, so that's why they say 26 March is right. They've also told us this is the information they've been given – and I don't doubt that. But, the statements show transactions dated 25 March 2011 – and no explanation has been provided for how transactions happened on an account that wasn't opened until the following day.*

What should the outstanding balance be

*Mr R says the balance of £5,024.52 which is what he was originally asked to repay hasn't been proven – and he can see that despite the information from Arrow saying the above figure, they've been reporting £5,038 instead. But his most recent entry says £5,074. Our investigator felt it should be £4,912.11 as that's what the statements last showed – but Arrow argued those statements said interest was going to be added so it's right the balance should be £5,024.52.*

*So, I've looked at what the statements say on this point to understand what I think the fair and right outstanding balance should be.*

*The last statements I have show a balance of £4,912.11 and I've seen nothing to show what else was added to this account and when. I accept Arrow have purchased the account in good faith, but I'd expect to see some evidence to demonstrate the balance they're reporting is accurate. So, I can't safely say the reason for the difference is interest that was applied after the last statement, and before Arrow bought the debt, as they've said. Because of this, I can't say the balance of £5,024.52 is accurate – so I think the balance that should be reported is £4,912.11 as that's the last accurate figure we've been provided with.*

## Compensation

*Mr R has been speaking to Arrow on and off for around four years at this point. I recognise Arrow have at times tried to help Mr R – but had they dealt with his enquiries properly when he first got in touch then I think they could have avoided a significant amount of distress for him. Because of that, I'm satisfied £250 total compensation is fair. I understand Mr R cashed the £150 compensation in June 2019, so this would be an additional £100 to be paid to him.*

## Responses to my provisional decision

Arrow didn't reply by the deadline set.

Mr R did reply, and raised a number of points which I've summarised in my own words:

- He'd received two letters showing the higher outstanding balances of £5,024.52 and £5,074.52. He's also asked Arrow to explain this £50 increase, but no one has been able to. He's asked us to get Arrow to explain why this additional charge was made.
- Mr R says as I've now found the account start date needs to be changed, he'd like Arrow to send out corrected statements for the period of October 2016 to November 2020.
- Mr R asks if I'm saying there's enough information to show Arrow can ask him to repay the debt but isn't making a finding on the enforceability of the CCA.
- Mr R also asks if the latest version of the CCA is what's been offered as the final true copy of it.
- He said he didn't say he took out the agreement on 25 March 2011 and wanted the wording of my decision changed to reflect that.

And although he accepts what I've said is our service's final position on his complaint, he's going to see some further advice about the CCA and will speak to Arrow also.

## 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.

Mr R has asked us to speak to Arrow to find out why a £50 charge has seemingly been applied to his account as he's not been able to get an answer. But, I don't think that's necessary. I say that because the account is in effect being returned to the position it was in as at the last statement. So, even if Arrow did add a £50 charge in error, the effect of my decision removes that charge by reducing the balance to £4,912.11.

I can understand why Mr R would want corrected statements – particularly given he's going to be taking further advice. But it's unclear to me what he wants corrected by the reissuing of statements. They show the first transactions happening on the account on 25 March 2011, which is the same date I'm saying the statements need to be reset. And the statements also show the balance I'm saying they should be – which is £4,912.11. If, in the future, Mr R needs to prove why something has changed, he can use this decision. In addition, I'm also ordering Arrow to update their systems, so any future contact from Arrow or any other company about this debt should have the new updated account start date and balance on them.

Mr R is correct about the finding I'm making – I've found enough evidence to say Arrow can fairly ask him to repay the debt, but I can't make any finding on the enforceability of the CCA for the reasons I've explained above. I also can't comment on whether Arrow have provided us with the final true copy of the CCA – Mr R would need to speak to Arrow about that.

I do though accept I may have misquoted Mr R and for that I apologise. I can't see that he said he took out the agreement on 25 March 2011.

Overall though, as Arrow haven't replied, and Mr R hasn't substantively disagreed with my provisional decision – I still think it's appropriate for Arrow to carry out the actions I previously set out, and which I've set out again in the next section.

### **Putting things right**

In order to resolve this case I order Arrow Global Limited to:

- Change the start date of the agreement with the credit reference agencies to 25 March 2011.
- Change the default date to end of March 2015 with the credit reference agencies.
- Update the current outstanding balance, on their internal systems and with the credit reference agencies, to £4,912.11.
- Pay Mr R a further £100 in compensation, to bring the total up to £250.

I would also encourage Mr R to try and work with Arrow to reach a fair repayment plan. Arrow are required to treat customers in financial difficulties positively and sympathetically.

### **My final decision**

It follows I partially uphold this complaint, and order Arrow Global Limited to carry out the actions in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 26 February 2021.

Jon Pearce  
**Ombudsman**