

The complaint

Mr B complains that Arrow Global Limited is attempting to collect a debt that he was told had been written off.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision dated 26 January 2021. In my provisional decision, I explained why I intended to uphold Mr B's complaint. I said:

What happened

Arrow purchased a debt in Mr B's name from another business. In 2017 Mr B's debts were being managed by a third party organisation. In December 2017 Arrow wrote to the third party and advised the balance of Mr B's account had been written off and that he wouldn't be pursued for repayment.

In 2020 Mr B contacted Arrow about another matter. Arrow advised that its previous letter had been sent in error and that the debt hadn't been written off. Mr B complained. Arrow issued its final response on 4 June 2020 and said its letter from December 2017 had been sent in error. Arrow said Mr B's account hadn't been written off. Arrow sent Mr B £200 to apologise for its error.

Mr B referred his complaint to our service and it was passed to an investigator. The investigator thought Arrow had dealt with Mr B's case fairly and didn't ask it to do anything else. Mr B asked to appeal and said Arrow should be bound by its letter confirming it had written his debt off. As Mr B asked to appeal, his complaint has been passed to me to make a decision.

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 can understand why Mr B is upset as Arrow incorrectly told him over £6,000 had been written off. Mr B has asked why Arrow isn't bound by the information it has provided about his account. I take Mr B's point and I understand why he feels let down. But I have to be fair to both parties and I wouldn't expect either to be bound by a genuine error. I'm sorry to disappoint Mr B but I'm satisfied that's what has happened here.

Arrow has sent us internal emails that show Mr B was told his account was written off due to an error in December 2017. It appears the account was marked as written off instead of a revised payment plan being set up. So, whilst I understand this has come as a big shock to Mr B, I'm satisfied that a genuine error did occur. To put it another way, had Arrow correctly administered Mr B's account, I don't believe it would have written to him in December 2017 to say the debt had been written off.

As a result, Arrow failed to collect payments from Mr B and stopped contacting him about the debt. Arrow has asked Mr B to contact it to arrange payments going forward. Whilst I understand my decision may feel harsh to Mr B, I'm satisfied the debt exists and Arrow's request that he repay it is reasonable.

I've considered whether £200 is fair when considering the impact of Arrow's error on Mr B. It's clear that for a long time Mr B has believed his liability for this debt was over. The remaining balance is substantial and I don't doubt repaying it will impact Mr B. In addition, Mr B understandably feels let down and upset by such a significant mistake. In my view, £200 doesn't fairly reflect what happened and how the errors have and will affect Mr B. So I intend to increase the award from £200 to £500, a figure that I think more fairly reflects the impact of Arrow's error on Mr B.

It's not clear what Arrow has reported on Mr B's credit file since it told him the debt had been written off. But, given its error, I don't think it would be fair for Arrow to have recorded any new adverse information on Mr B's credit file beyond December 2017. So, in addition, I intend to tell Arrow to remove any new adverse information reported from that date.

I asked Mr B and Arrow to respond by 25 February 2021 with any comments or information they wanted me to consider before I made my final decision. Mr B responded to say he remained unhappy with Arrow's actions but accepted my provisional decision. Arrow didn't respond.

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.

As neither party provided any new information, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr B's complaint should be upheld, for the same reasons.

Putting things right

To resolve Mr B's complaint, I direct Arrow to:

- Remove any new adverse information reported after December 2017
- Pay Mr B £500 for the distress and inconvenience caused (less any compensation already paid)

My final decision

My decision is that I uphold Mr B's complaint and direct Arrow Global Limited to settle in line with the above guidance.

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

Marco Manente

Ombudsman