

The complaint

Mr M complains that Azzurro Associates Limited (Azzurro) have registered a default against him.

What happened

Mr M took out a loan with a third-party lender. In 2019, this lender sold the debt of £3,849.56 to Azzurro. Azzurro, through third party debt collectors, have been attempting to collect the outstanding balance since.

Azzurro say that no payments have been received towards the debt since 2018, and so it applied a default to the account and notified the credit reference agencies.

Mr M is unhappy that a default has been applied. He says that a default had already been applied by the original lender, and so it wasn't fair of Azzurro to do this too. He's also said that he hadn't received any communication from either the original lender or Azzurro to say that Azzurro were the new owners of the debt – and so he didn't want to make a payment towards the debt until he was satisfied that Azzurro were the owners of the debt.

Azzurro responded to Mr M's complaint to say it had fairly registered a default against him in September 2020 because he hadn't been making payments towards the debt. But it noticed that Mr M hadn't made a payment since August 2018 and so it backdated the default. Azzurro also said that it had spoken to the original lender, who confirmed that it hadn't previously defaulted the account. Azzurro let Mr M know that it had tried to contact him through its debt collectors to let him know that it had purchased the debt.

Mr M remained unhappy with this and so he brought his complaint to this service.

Our investigator looked into things for Mr M, but he didn't uphold the complaint. He thought that Azzurro had done enough to communicate to Mr M that it was the new legal owners of the debt, and he found that this was fair of Azzurro to report the default to the credit reference agencies.

Mr M didn't agree with our investigator. He said that Azzurro delayed the default being registered. And that it misled him into thinking that a default had already been applied three years prior. So, he says that Azzurro have delayed the default by three years which has had a significant impact on him. He says that a mortgage application he had was affected because it looked as though a new default had been registered, and some of his other credit facilities have also been impacted. He says that the distress of this situation has had a negative affect on his mental health.

Because Mr M disagreed the complaint has been passed to me to make a decision on the matter.

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'm not upholding Mr M's complaint.

Azzurro has sent me copies of some letters that were sent to Mr M when it first took over the debt. I can see that a letter was sent by the original creditor to Mr M to let him know that it had sold the debt to Azzurro – and that his account would be managed by a debt collection agency. It provided the contact details of the debt collection agency so that Mr M could arrange payment to the account.

Azzurro also wrote to Mr M to let him know it was now the new legal owners of the debt. The letter confirmed how much was outstanding and that the account would be managed by a debt collection agency.

I note that both letters were sent to the address that Mr M had given to the original lender when he first took out the loan. I have tried to contact Mr M to confirm his address at the time. He hasn't responded to me. And so, I don't have any reason to think the letters were going to an old address. I've also seen a copy of a letter from one of the debt collectors that suggests Mr M had been in touch with it to let it know about his personal circumstances. This letter was also sent to the same address as the notice of assignment letters. So, it appears Mr M was receiving the letters – and that he knew Azzurro were the new legal owners of the debt.

Based on what I've said, I think it likely Mr M knew his debt had been sold to Azzurro – and that payments towards the debt should be made to the debt collection agency. I can't agree with Mr M's comments that Azzurro hadn't properly communicated this with him.

I've had a look at the default notice that was sent to Mr M in relation to this debt. I can see that it told him it would terminate the agreement if he didn't bring the account back up to date. I'm satisfied that Mr M ought to have been aware that the account would default if a payment wasn't made to bring the account up to date.

I've also seen information from the original lender that says it didn't register a default against him. I've asked Mr M for a copy of his credit file so I could check this, but he didn't respond and so I haven't seen anything that makes me think the default has been registered twice. I haven't seen anything that makes me think Azzurro misled Mr M into believing that a default had been previously registered. And based on what I've seen, I think Azzurro acted fairly when it agreed to backdate the default to when Mr M first started to miss payments in August 2018. This means that the default would be on Mr M's credit file for less time than it would have been had it been registered in September 2020. Mr M complains that the default isn't an accurate reflection of his credit file – but given that the default has been backdated and that Mr M hasn't made any payments to the account since 2018, it is my opinion that this is a very accurate reflection of how Mr M has managed the account.

A default will likely have an impact on a person's ability to obtain new credit or the terms and cost of existing credit arrangements, so it's possible that Mr M's mortgage application and other credit agreements were affected by this. But a business, like Azzurro, has the responsibility to report accurate information about how someone has managed their account. Given what I've already said about Mr M not making payments to the account, I think it was fair that Azzurro registered the default against him. And I think it was fair of it to backdate this as this is a true reflection of when Mr M started to miss repayments.

Mr M told this service that his credit report still isn't showing the backdated default date. I asked Azzurro about this, and they've responded to say that due to a system error, the request it sent through didn't update properly, so the default date was still showing as September 2020. But it has now sent information that satisfies me that it has now requested

this – and it said it has requested this to be done urgently. I don't think this delay has negatively impacted Mr M too much – he would have had a default showing on his credit file anyway, so I can't see that the delay in the date being updated would have had much impact on his financial position.

My final decision

For the reasons set out above, I don't uphold Mr M's complaint.

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

Sophie Wilkinson
Ombudsman