

The complaint

Mr T complains that Arrow Global Limited didn't notify him that it was seeking to obtain a County Court Judgment (CCJ) against him in relation to a debt he'd accrued. He'd like the debt written off.

What happened

Mr T tells us that he didn't receive any notice from Arrow that it was bringing court proceedings against him in respect of an unpaid debt. He says that he's on benefits and can only afford a nominal payment of £1 each month. He'd like the debt written off.

Arrow explained that it had acquired the account in 2015. The debt having arisen from a credit card agreement which Mr T had previously had with a business I'll call "H". Arrow said that it had asked different agents to contact Mr T to seek repayment of the debt. And that between May 2017 and March 2019 the account had been serviced by a business I'll refer to as "R". It stated that R had written to the last known address it had for Mr T. But when it didn't receive any replies – and no mail had been returned – it issued court proceedings. And it said this had resulted in a default judgment being entered in July 2017.

Our investigator didn't recommend that the complaint should be upheld. She said that Arrow and its agents had made numerous attempts to contact Mr T. And that she felt he ought to have been aware that as he hadn't been making payments, there was a responsibility to deal with this. And that he should've notified Arrow of any changes of address. She thought Arrow had taken reasonable steps before issuing court proceedings. And she didn't think it had done anything wrong.

Mr T said he'd like the matter reviewed by an ombudsman. So the complaint has been passed to me to issue a 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'm aware that when Mr T complained, he also expressed concern about how Arrow was trying to collect the debt. I've seen that another ombudsman dealt with that aspect of the complaint. So I shan't be looking at that issue again. Instead I'll concentrate on what happened before the CCJ was made.

I'm sorry that Mr T has been experiencing financial difficulties. And I accept that debt can be stressful and difficult to handle.

When a customer gets into arrears with a debt, we'd expect the business which owns that debt to seek to contact the customer. And to try to find the reason for the arrears. Dependent upon the circumstances we'd expect it to try to work with the individual to agree means by which the debt could be affordably and sustainably repaid.

Having said that, there are also some obligations on the customer, one of which is to keep the business updated with any change of contact details. This would include changes in address and phone number if applicable.

After Arrow acquired the debt it obtained an updated address for Mr T in September 2016. And from that time it and its agents sent all correspondence to that address. I've seen copies of various letters including those advising that solicitors were being instructed and court proceedings could result if the debt was unpaid. And I've seen a copy of the claim form.

Whilst I've seen evidence to show these letters were sent, I've no documentary confirmation to show that they were delivered. But as R has indicated that it didn't receive any returned mail it's a reasonable inference that the letters were delivered.

As far as I'm aware it's accepted that as Mr T had moved, it's unlikely that he received any of the correspondence. And even though he said he'd left a forwarding address that would presumably be dependent upon the goodwill of the current occupant to send letters on.

I'm satisfied that Arrow made reasonable attempts to contact Mr T and to advise him of its intended actions.

Whilst I can't comment on the court proceedings directly, I am aware that the Civil Procedure Rules allow in certain circumstances for the service of claims to be sent to the last known address of the defendant (Mr T).

It's then a matter for the court to determine if the claimant (Arrow) had made sufficient attempts to make Mr T aware of the proceedings. Presumably here the court was satisfied, as a default judgment was entered against Mr T.

It's also possible for a defendant who wasn't aware of proceedings to make an application for the CCJ to be set aside. Although as this debt apparently isn't disputed, I accept that it's unlikely any such application would've been of any benefit to Mr T.

Whilst I accept that it's not pleasant to be subject of a CCJ, I doubt if Mr T not being aware of the proceedings made any material difference to the outcome. The debt is not disputed and Mr T is unable to repay it within the foreseeable future. It seems probable that even had Arrow been able to contact Mr T before taking proceedings, that it would've concluded that obtaining a CCJ was the best way to try to secure payment at some later time. And it seems improbable that even if Mr T had been aware of the proceedings that he'd have been able to provide a successful defence.

In summary, I find that Arrow took all reasonable steps to notify Mr T of the actions it proposed to take in its attempt to collect this debt. And as I'm not finding it did anything wrong, 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 T to accept or reject my decision before 11 June 2021.

Stephen Ross
Ombudsman