

The complaint

Mrs K is unhappy with the way that Debt Managers (Services) Limited (DMSL) has tried to collect a debt in her name.

Mrs K wants DMSL to stop asking her to repay the debt or provide evidence that it is entitled to collect it from her.

What happened

DMSL bought a debt in Mrs K's name from a business that I will call "S". In late 2019, DMSL sent Mrs K a notice of assignment. DMSL agreed that Mrs K could keep making the same repayments that she'd been making to S.

Mrs K made some monthly repayments and then in January 2020 asked for evidence of the debt. DMSL placed Mrs K's account on hold while it located the paperwork. Mrs K asked to see the deed of assignment but DMSL wouldn't provide a copy of this.

In April 2020, DMSL sent Mrs K a copy of the notice of assignment, credit agreement and statement. Mrs K asked DMSL to stop contacting her about the debt until it sent her a copy of the deed of assignment.

The investigator didn't recommend that Mrs K's complaint be upheld. She was satisfied that DMSL had given Mrs K enough evidence to show that it had authority to collect the debt. The investigator didn't think it was necessary for DMSL to put the account on hold pending the outcome of Mrs K's affordability complaint to S.

Mrs K is unhappy that DMSL made a mistake when it wrote to her and referred to the wrong creditor. She says it's unacceptable for DMSL to first say it's working on behalf of its client and then say it had bought the debt.

Mrs K says that without the deed of assignment, DMSL's requests for repayment of the debt amount to harassment.

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.

We offer an informal and impartial dispute resolution service as an alternative to court. And we don't have the same powers as court. But whilst I don't apply the law directly, I do take account of it.

DMSL sent Mrs K notice of the assignment in October 2019 – shortly after it bought the debt. Mrs K appears to have acknowledged this in her email of October 2019 when she asked DMSL for an online login to continue making payments.

In January 2020, Mrs K made a Subject Access Request to DMSL. Mrs K also raised other

concerns relating to the processing of her data and her right to be forgotten. DMSL appears to have responded to these concerns and in April 2020, it was able to give Mrs K a copy of the notice of assignment, credit agreement and statement. It had already told her that it wouldn't be providing a copy of the deed of assignment.

My understanding of Mrs K's complaint is that without providing the deed of assignment, any attempt by DMSL to contact her about the debt is harassment. Mrs K is not saying that she doesn't owe the money but that she's not satisfied DMSL is entitled to ask her to repay it.

As a regulated business, DMSL must follow the rules set by the Financial Conduct Authority. Its handbook known as CONC explains what a business should do when it buys a debt. The relevant rule is:

CONC 6.5

(1) Where the rights of a lender under a regulated credit agreement are assigned to a firm, that firm must arrange for notice of the assignment to be given to the customer;

(a) as soon as reasonably possible;

In 2019, the High Court decided that where the parties to the assignment (here that's S and DMSL) consider the debt to have been validly transferred – and notify the debtor – that's enough for the assignment to be considered valid. And for the new owner to acquire the rights to collect the debt.

I'm satisfied that the notice of assignment that DMSL has given to Mrs K is enough to show that it owns the debt. I can't say that it's unreasonable of DMSL not to give Mrs K a copy of the deed of assignment. This is a private document between DMSL and the original creditor.

If Mrs K still wants to see the deed of assignment, she would have to approach the court. But I don't find that DMSL should be prevented from pursuing repayment of the debt because it won't give Mrs K a copy of the deed.

I can't say that the nature of DMSL's contact with Mrs K has been unreasonable or excessive. As I'm satisfied that DMSL owns the debt, I don't consider it to be harassment when it continued to write to Mrs K.

I'm satisfied that DMSL responded sympathetically to Mrs K's financial situation. It placed her account on hold at various times and asked her to complete an income and expenditure form. If Mrs K hasn't already completed the form, I recommend that she does so that DMSL can look to set up an affordable repayment plan.

I appreciate that it was confusing when DMSL referred to the wrong creditor in the body of a letter, but I'm satisfied that it meant to refer to the original creditor S – particularly as it used the right name at the top of the letter and in other correspondence.

Although Mrs K says that DMSL initially said it was working on behalf of its client, I don't have any evidence of this. As far as I can see from DMSL's file notes it told Mrs K in writing that it was now the legal owner of the debt not S.

I understand that Mrs K will be disappointed, but I consider DMSL has reasonable grounds for believing she is liable for the debt. I don't find that DMSL has done anything wrong, so I don't uphold Mrs K's complaint.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 22 June 2021.

Gemma Bowen
Ombudsman