

The complaint

Miss B complains that Lowell Financial Ltd is reporting outstanding balances on her accounts after telling her the balances would be zero. Miss B is unhappy with the way in which Lowell handled her accounts.

What happened

Lowell Portfolio I Limited bought several accounts in Miss B's name and appointed Lowell Financial Ltd to manage the accounts on its behalf. For ease, I will refer to Lowell Financial Ltd as "Lowell" and Lowell Portfolio I Ltd as "Lowell Portfolio" in this decision.

Miss B explains that due to problems with her mental health, she fell into financial difficulties. She is very unhappy that after Lowell told her that it would close her accounts with a zero balance, her credit report still shows outstanding balances. Miss B says she gave Lowell very personal details about her situation and she would like it to do what it promised. Miss B is unhappy that the CEO of Lowell didn't respond to her complaint emails.

The investigator explained that she couldn't consider all the accounts that Lowell held as some didn't fall within our jurisdiction.

The investigator didn't recommend that Miss B's complaint be upheld. She thought it was reasonable for Lowell not to update the credit file entries to zero. She was satisfied that when Miss B complained to the CEO of Lowell, an advisor from the customer support team made contact to offer help. Although the investigator appreciated it was upsetting for Miss B to explain her situation to several people, she didn't think Lowell had done anything wrong.

Miss B is unhappy with investigator's recommendation. She thinks it's inaccurate for Lowell to report balances on her accounts after it closed them. Miss B wants Lowell to give her the deeds of assignment to show that it now owns the accounts. Miss B says that she hasn't received any documents relating to one of the accounts that Lowell says it bought.

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.

From Miss B's response to the investigator it looks to me that she remains concerned about two aspects of her complaint. First that Lowell is reporting balances on her credit file after saying the accounts would be closed with zero balances. Secondly, that Lowell failed to provide deeds of assignment to show that it bought the debts in her name. I will focus my decision on these outstanding concerns.

I should also make it clear that this service can only consider Miss B's complaint as it relates to two of the accounts – one that was originally with a business I will refer to as "J" and the second that was originally with a business I will refer to as "V". This is because the other accounts relate to telecommunication debts which don't fall within our jurisdiction.

Outstanding balances

Lowell told Miss B that, as a gesture of goodwill, it had taken the decision to close the accounts as of August 2020. I can see in its letter to Miss B that Lowell listed the balances as zero. But I'm satisfied the same letter also said that if defaults had been entered in respect of the accounts, the unpaid balances would remain.

I appreciate Miss B has been in contact with another lender who she feels responded more sympathetically to her situation. Just because another lender decided to remove an entry from Miss B's credit file, doesn't mean that Lowell must do the same. As Miss B didn't settle the outstanding accounts, I can't find it wrong that Lowell continues to report the defaulted balances.

Lowell says it has since marked the debts as partially satisfied to indicate that it doesn't expect to receive further payments. This seems reasonable. I don't require it to do more than this.

Deed of assignments

It's not a matter for this service to decide whether a debt is legally enforceable. That is for the courts to decide. I consider that Lowell had reasonable grounds to believe that Miss B owed the money on the accounts previously held with V and J. And I'm satisfied that Lowell Portfolio owns the debts that it asked Lowell to manage, as it sent Miss B notices of assignment when it took the accounts over from V and J.

Although Miss B wants to see the deeds of assignment for the accounts, I can't say that it's unreasonable of Lowell not to give her copies.

As a regulated business, Lowell must follow the rules set by the Financial Conduct Authority (FCA). 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 assignment to be given to the customer;
 - (a) as soon as reasonably possible

In 2019, the High Court decided that where two parties to the assignment (here that's V and Lowell Portfolio and J and Lowell Portfolio) 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 right to collect the debt. Lowell Portfolio decided to appoint Lowell to manage the debts going forward which it is entitled to do.

It follows that I don't require Lowell to provide the deeds of assignment. If Miss B still wants to see copies, she would have to make an application through the courts.

Overall, I don't consider that Lowell has acted unreasonably so I don't require it to take any further steps in respect of Miss B'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 Miss B to accept or reject my decision before 15 September 2021.

Gemma Bowen
Ombudsman