

## **The complaint**

Mr R complains that Link Financial Outsourcing Limited took over management of a debt that was marked in error as defaulted as this had already been repaid.

## **What happened**

Mr R is unhappy that his debt taken with his original bank defaulted. That bank decided to assign this to a different business and Link Financial were appointed to administer the debt. But by then he says he had already repaid the borrowing to his bank. He wants all reference to a default to be removed and doesn't think that Link Financial carried out sufficient due diligence.

Our investigator said that she could only look here at what Link Financial had done. She said that Mr R would need to contact his own bank about the default that was registered on 26 June 2020 with a reported balance of £843.29. Mr R explained that he had paid that bank £900 on 9 July 2020 to clear the balance as he was unsure of what was owed. And he had provided a copy of the payment receipt. The debt was reported as settled by his bank on 9 July 2020.

Link Financial had provided a notice of assignment of the debt dated 28 August 2020. This explained to Mr R that the debt was transferred on 24 August 2020 and that Link Financial had taken over the management. Link Financial noted that it sent Mr R a settlement letter on 16 September 2020. And on 1 October 2020 it wrote to Mr R to say it had received £900 from his bank on 28 August 2020. It passed his complaint about the default to his bank to address.

Link Financial was reporting the account as defaulted for one month with a zero balance. She said that it had been the original bank's decision to default the debt and it had been managed by Link Financial in good faith. She said though that it should refund Mr R with the overpayment of £56.71 from the date it received the money to the date of settlement with interest at a simple rate of 8 per cent per annum. And pay him £50 for the inconvenience of needing to follow this up.

Link Financial agreed to do so. Mr R didn't agree this was sufficient and said that there had been no proof of any default provided to him or evidence any notice had been posted to him. He said that he had been dealt with in an insulting way. And that Link Financial shouldn't be reporting anything.

## **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've summarised what our investigator said about what happened above and I agree with the details of the key dates. The default was registered by Mr R's original bank and he would need to pursue whether that was appropriate with it. I am only looking at what Link Financial did here.

I consider it acted in good faith in taking on the administration of this debt. It says it received the credit from the other bank on 28 August 2020 and so it reported this debt as settled with a zero balance for one month.

It isn't clear to me why it hadn't already refunded the balance of the money to Mr R. I agree it should do this with simple interest of eight percent per annum and pay him £50 for inconvenience and the poor service he describes.

I understand why Link Financial reported that it technically managed this account. But that arose from an error as there was never a debt to assign. So, through our investigator I asked it whether it would remove any reference to it ever holding an account for Mr R in reports to credit reference agencies. It agreed to do so.

In my view this puts Mr R in the position he should have been in as far as Link Financial in concerned. As set out above he would need to pursue any challenge about the original default which he's shown is on his credit record with his own bank and I make no finding as to whether that was appropriate here. And I don't think on the evidence I've seen that the one month of similar reporting of this account with a zero balance until now by Link Financial has made any material difference to him being able to access credit. That's given that any impact there was for him would have arisen from the default applied by his own bank on 26 June 2020. I appreciate he will remain disappointed by my conclusions.

### **My final decision**

My decision is that I uphold this complaint in part, and I require Link Financial Outsourcing Limited to:

- 1) Pay Mr R £56.71 plus simple interest of eight per cent per annum from 28 August 2020 to the date of settlement.
- 2) Pay Mr R compensation of £50.
- 3) Arrange to remove any record Link Financial has made about this debt to credit reference agencies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 December 2021.

Michael Crewe  
**Ombudsman**