

## The complaint

Mr W complains Credit Resource Solutions Ltd (CRS) haven't treated him fairly when collecting a debt of his.

## What happened

I issued my provisional decision setting out what'd happened, and what I thought was a fair resolution to that. I've copied the relevant elements of that provisional decision below, and they form part of this final decision.

*Mr W said in 2016 / 2017 he had four accounts in his name, which CRS were collecting on behalf of his creditors. He said he was threatened with court action, and in a panic agreed to make a monthly repayment which wasn't sustainable.*

*Mr W said he knows we can't consider that complaint but provided CRS' response as it gives some context to his current complaint. CRS' reply to that complaint does, in short, accept they've not handled things as they should have done, and they say sorry for that.*

*Mr W has let us know he suffers from a number of mental health conditions. Out of respect for his privacy I've not listed them here, but I want him to know I've seen what he's told our service and CRS about his conditions.*

*In January 2020 CRS picked up another one of his accounts to collect – and Mr W was signed off his work due to his mental health conditions for January and February 2020. Mr W said he finds the messages from CRS threatening and intimidating, and they had a severe impact on how he was feeling. He said he was threatened with a County Court Judgement (CCJ). In resolution of his complaint he's told us he doesn't want to deal with CRS, wants reassurance he's being treated fairly, wants to know his previous complaint was taken into account, no threatening texts and wants conversations instead. He'd also like some compensation.*

*On 11 August 2020 CRS said they understood Mr W was concerned over the way in which he's been contacted by them as he feels its harassment and is causing him extreme mental health issues. CRS said he'd also asked for a SAR, and a copy of the original signed lending agreement that was the subject of the debt. CRS explained they didn't hold the agreement, so said Mr W would need to contact the lender directly as it's still their account. And in relation to the contact CRS said Mr W's account was originally sent to them on 10 December 2019, and as no payments had been made by 9 July 2020 this had been escalated to their legal department. CRS said the intent of their communication wasn't to cause any distress to Mr W, rather it was to keep their customers informed of where their account is in the process. Because of this, CRS said they wouldn't uphold Mr W's complaint.*

*Mr W replied to CRS the same day and asked how saying "a successful CCJ against you could affect your ability to obtain credit" is keeping him informed. He said it was passively threatening. He added this wouldn't be an issue if he'd not previously been bullied by CRS – and said as they'd previously threatened him it's not unreasonable he finds their contact methods affecting his mental health.*

*On 21 August 2020 Mr W hadn't received a reply to his previously emailed questions – but had received a text message. The text from CRS said: "your solicitors have issued a letter before claim". Mr W said he had to call CRS to find out what this was and having been told it meant CRS would be asking him to repay the debt he wanted this raised as a formal complaint as well. The reason for that is because Mr W says he was told on 14 July 2020 his account was on indefinite hold – and he'd not had any communication to say when this would end.*

*CRS investigated this contact. They explained they'd listened to the call Mr W had with them on 14 July 2020 where he was told his account would be placed on hold. They said this was on the understanding he'd joined the lender's scheme of arrangement. But it was later confirmed he'd not joined the scheme, so the account was removed from being on hold, and that's when the Letter Before Claim (LBC) was issued on 21 August 2020. As a result of this, CRS didn't uphold Mr W's complaint.*

*Unhappy with this Mr W asked us to look into things. I've listened to the call when Mr W first contacted our service, as he's explained that's when he gave most of the relevant information regarding his case and reflected his comments in the background of this complaint.*

*One of our Investigators did consider Mr W's case and initially felt CRS had acted fairly – because Mr W's account was only on hold due to him being in the members scheme of arrangement. But our Investigator said he'd seen the email from the lender to CRS saying Mr W wasn't in that scheme. So, he didn't think Mr W's complaint should be upheld.*

*Mr W didn't agree, and he said he didn't receive the LBC. He received a text telling him the letter would be sent and agreed to wait for it. But before the LBC arrived, he said he received a different letter telling him off for not replying to the LBC – which is how he knew he'd not received it. Mr W also said he wanted to understand our investigators view on the text messages – which says what will happen if a CCJ is issued, but with no constructive guidance. Mr W referred to the Financial Conduct Authority's (FCA) paper on how financial businesses such as CRS should treat people with vulnerabilities. The FCA regulate financial businesses, and Mr W said he'd argue such text messages are inappropriate for someone who's previously been bullied into an unaffordable arrangement. Mr W felt the most appropriate thing would have been for CRS to have called him. Mr W added that CRS had told Mr W the account would go on hold while we investigated things, but they've continued to take money every month anyway.*

*Our Investigator reconsidered things. He explained he didn't think CRS' communications were threatening, instead he felt they were factual – though he accepted they could be upsetting to read. But he didn't think there was enough evidence to prove the letter had been sent so he felt £50 compensation was a fair way to resolve matters.*

*Mr W didn't agree and asked for his case to be passed to an ombudsman to decide. CRS also didn't agree and provided some additional information they said proved the LBC had been sent. They asked this information is forwarded to me to take into account when deciding Mr W's case.*

*Before progressing with Mr W's case, I had a number of questions for him, and CRS.*

*For Mr W I wanted to understand if he'd got any evidence of specifically asking them to only ever call him. He replied and said he couldn't recall ever telling them this – but said he'd clearly explained to them numerous times that he suffers from mental health issues, their texts make this worse, and he's asked them not to send these texts. I also wanted to know*

*what specifically he was referring to in the FCA paper – and he said he was talking about the section that says companies should consider their communication style with vulnerable customers. He said when he's asked CRS to stop the texts they've said they can't because it's part of an automated process. Mr W said that given they've previously admitted bullying him, he'd have expected the company to take the initiative and suggest to him he only be contacted by phone.*

*For CRS I also asked them if Mr W had made them aware of only wanting to be contacted by phone – and they said they had no record of this. I asked if they could put something in place to call Mr W, before sending him a text, email or letter – and they said all correspondence is sent out automatically, so they couldn't do this. I wanted to know if they were still responsible for collecting the debt – and they said this account of Mr W's had been passed over to one of their subsidiaries in August 2021. I also explained one of Mr W's ideal resolutions was for CRS to never deal with any of his debts again, as he'd mentioned he had some out there. CRS said they don't buy debts, they work on behalf of their clients and follow their instructions for collecting the debt. They added as they don't know who Mr W has debts with, and who might become a future client of CRS, they couldn't commit to saying they'd never hold an account for Mr W again.*

*I've now provisionally decided this case.*

### ***What I've provisionally 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.*

*Should Mr W's account have been kept on hold – and did they send the LBC telling him they'd taken the account off hold*

*Mr W says he was told in a phone call his account would be put on an indefinite hold. CRS says this was only because Mr W said he was in the lenders scheme – and when they realised he wasn't, they took his account off hold.*

*Mr W has since accepted he thought he was in the scheme but actually wasn't. With that in mind, I don't think CRS acted unfairly in taking his account off hold. Mr W had an outstanding debt where monies were legitimately owed – something Mr W hasn't disputed. At the time of taking the account off hold, CRS say they sent the LBC to Mr W to make him aware of this. Mr W says he never received it.*

*Our Investigator felt CRS hadn't properly demonstrated they'd sent the letter, so awarded £50. This isn't something CRS agreed with and provided additional evidence to say they'd sent it.*

*This evidence was in the form of information from their mail house provider which they say shows the letter was sent – combined with their internal notes showing it was sent. The evidence they've provided is consistent with other letters Mr W has said he did receive, and I can't see any reason why they'd deliberately not have sent it - so I think it's likely CRS did send this letter.*

*I don't disbelieve Mr W when he says he didn't get it. He's said he was waiting for it and I think had he received it then he'd have taken some action off the back of it. But post can go missing, so it seems this is a possible explanation for why it seems to have been sent but not received.*

*In any event though, I can only hold CRS responsible if they've done something wrong, and here I think it's likely they did send the letter. So, I won't be awarding the £50 our Investigator did.*

Are the content of CRS' emails, texts or letters inappropriate

*CRS have said their written communication is informative and designed to keep Mr W informed as to where his account is in the process.*

*Mr W has said the communication is threatening, and has pointed to one of their text messages which said "a successful CCJ against you could affect your ability to obtain credit". He asks how is this meant to be informative.*

*I've looked at all of the communication Mr W has received and I do think it's been in keeping with the kind of things I'd expect a debt collector to say, when a balance is owed on a debt. I think CRS have kept Mr W updated with what's happening with his account at different times and have encouraged him to get in touch to agree a repayment proposal. In respect of the text message given the seriousness of a CCJ I think it'd be considerably worse if they didn't say what the impact might be. So, I don't think CRS have sent Mr W inappropriate written communication.*

*In part, the seriousness of the messages escalated, because CRS wrote to Mr W but he didn't get in touch. This, again, is something I don't find to be particularly unusual or unfair. It seems CRS were writing to Mr W between January and July 2021 without reply – so I can't say they've acted unfairly in escalating the debt through their process when they'd not had contact from Mr W.*

*I think the key issue here, is how these messages are perceived by Mr W. He's explained in detail how the written communication affects him. So, having found that, objectively, the written communication hasn't been inappropriate or threatening to Mr W – I need to consider whether CRS should have followed his preferences for how to be contacted.*

Should CRS have communicated with Mr W differently

*Mr W has said he wanted to only be spoken to on the phone. He's told us he never explicitly said this to CRS, but given his previous issues expected them to do this.*

*CRS have also said they'd not been made aware by Mr W previously he only wanted to speak on the phone.*

*I can understand Mr W's point. Given he's previously had a bad experience with CRS it's not necessarily unreasonable for him to expect them to take some action to try and improve the way their communication is received by him – by, for example, calling him before sending out written communication. But, by the same token, I have to say it's not unreasonable for him to have explicitly told them he needed communication through the phone first.*

*He's not done that. And I've not seen anything to show CRS should have known from the previous complaint they should contact Mr W by phone first either. So, I don't think I can reasonably say CRS have acted unfairly when initially contacting Mr W. At this time, they didn't know Mr W wanted to be contacted by phone first.*

*I've also considered what happened after he told them about his concerns with their communication. I think here is where CRS needed to do more.*

*Mr W said he'd told them he found their texts threatening, and made his health worse, and he asked them not to send those texts. CRS' reply, then to Mr W, and more recently to the questions I've asked, is to say their communication is automated so they couldn't stop them. We asked Mr W for emails showing what he'd said to CRS – and the first evidence I've been provided with to show when he told them about their texts was 13 July 2020. In this contact, he's told them that he'd received two text messages in the last week which he said the intention of them was to scare him into making payments. He also explained their contact was having an extreme effect on him.*

*Mr W has referred to the FCA's paper "Guidance for firms on the fair treatment of vulnerable customers".*

*This sets out a number of different requirements for financial businesses like CRS in how they'll deal with customers like Mr W who meet a definition of a vulnerable consumer. There's a lot of guidance here for financial businesses like CRS to have applied, but having reviewed their actions since then, I'm not sure they've really taken account of Mr W's vulnerabilities.*

*Having written to them on 13 July 2020 setting out their contact was causing him extreme distress I can't see they've taken any steps to understand how they can communicate more effectively with Mr W – as suggested in the guidance.*

*Mr W has specifically said that a phone call before written communication would help him. In response, CRS have explained to him and our service their written communication is automated so they can't do anything about that.*

*The FCA's guidance does recommend financial businesses systems need to be flexible – and specifically says "respond to customer needs throughout product design, flexible customer service provision and communications". This is just one example from the guidance, in truth I could have chosen quite a few more to illustrate this point.*

*So, it would seem that CRS don't have a system designed to provide flexible customer service – given their responses to Mr W's requests. I can't interfere in their processes, but I can look at the impact on Mr W as a result of this.*

*I think it's clear that, at the point Mr W got in touch with CRS and reminded them of their previous conduct which they said sorry for, they could have done more. I've not seen any suggestions they asked Mr W how best to communicate with him or attempted to make things easier in any way – for example by asking him what they could do to adjust their communication so it didn't have as much of an impact on him. I think it's appropriate to award compensation for this.*

*Current position of the debt – and potential future debts*

*Both Mr W and CRS have said CRS aren't collecting the debt anymore. I understand it's been passed over to a subsidiary of theirs. Mr W has said he'd address this directly with the legal owner of the debt. Given that, it's outside the scope of this complaint, so I won't be saying anything further regarding the existing debt in this decision.*

*I've noted one of Mr W's ideal resolutions would be for CRS never to have another one of his accounts. They've said they don't know how many debts Mr W has out there, or who of their clients might allocate the debt.*

*I can't tell financial businesses like CRS not to ask for repayment of a debt, so I don't have any power to stop them from collecting any debt of Mr W's in future. What I might suggest is*

*if CRS get another debt before contacting Mr W they try and review their history if possible. And, for Mr W, if CRS do get in touch and he's able to, he tells them exactly how he'd like to be communicated with. I realise in this complaint CRS have said they wouldn't be able to do what he's asked based on the current way they work – but it at least gives Mr W the opportunity to try and prevent any additional stress in future.*

## Summary

*Overall, I've found CRS have treated Mr W fairly for the majority of his complaint. But I think they could and should have done more after he got in touch on 13 July 2020. For those issues, taking into account Mr W's health, I think compensation of £250 is fair.*

## Responses to my provisional decision

Mr W replied, and said he was happy with my provisional decision.

CRS also replied, and said as a counter offer, they were willing to waive the remainder of the debt – which stood at £161.07. They added no further comments.

As we're required to, we put this to Mr W for his response – if he accepted this offer then the matter would be resolved, if he chose not to, then the next appropriate step was to issue a final decision.

Mr W said CRS need to pay what I'd set out in my provisional decision. He added he didn't think they could write off the debt, as it's not theirs. He said he found this ridiculous. As Mr W didn't accept CRS' counter offer, I've now formally decided this case.

## 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.

Mr W accepted my decision. I've taken CRS' response in suggesting a counter offer to say they don't accept my decision – but they didn't add any further comments for me to consider about why they didn't agree with what I'd said.

I've noted Mr W's comments about CRS waiving his debt. They've not provided any detail about how they'd have achieved that. But I don't think Mr W's concerns about their reply mean I should consider more compensation than what I suggested – nor is that what he's asking for. He's said CRS should pay what I've said.

As Mr W accepted my provisional decision, and CRS didn't provide any new information for me to consider beyond the counter offer they made which Mr W rejected, I'll still require them to pay Mr W compensation for the reasons I previously set out.

## My final decision

For the reasons I've explained above I partially uphold this complaint and require Credit Resource Solutions Ltd to pay Mr W £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 November 2021.

Jon Pearce  
**Ombudsman**