

## **The complaint**

Mr S complains about Lowell Financial Ltd ("Lowell") for the way it has continued to report to his credit file debts which he will not be able to repay. He wants Lowell to report these as settled, rather than partially settled.

## **What happened**

In 2016, Mr S was defrauded and lost a significant amount of money. He fell into debt and became unwell, suffering anxiety and depression.

He accrued debt with two businesses for around £5,500 and £32,000 respectively. These businesses registered defaults against Mr S in late 2017 and early 2018.

The two businesses transferred the debt to Lowell around autumn 2019. Lowell then began to contact Mr S to ask him to repay the debts.

Mr S contacted Lowell and explained his circumstances, including that he was continuing with legal action relating to the fraud.

In mid-2020, Lowell agreed to close the debt accounts as it accepted that Mr S was not able to repay the debts.

Lowell reported this to credit reference agencies as the debts having been partially settled.

Mr S complained to Lowell. He advised that the reporting is making it harder for him to get housing and he thinks that the reporting should show that the debt has been fully settled.

Lowell sent its final response rejecting Mr S's complaint. It stated that to report the debts as fully satisfied would be misleading.

Mr S was not happy with this and contacted us.

One of our investigators has looked into this matter and set out their view to the parties. This was that Lowell was correct to close the accounts and to write off the debt. The investigator set out the relevant guidance and concluded that whilst this is not prescriptive about what should be reported to credit reference agencies, in their view it would be fair and reasonable to report the debts as being fully satisfied.

Lowell did not accept that view and asked for an ombudsman decision. It appears, however, that Lowell may have subsequently updated its reporting as searches Mr S has conducted show the debt as 'satisfied'.

## **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 have read the view of my colleague and I agree with it. As Lowell sets out there are not

prescriptive rule as to how a written off debt ought to be reported, beyond that the defaults should remain on a credit report for 6 years.

In such circumstances, it is appropriate to consider whether it is fair and reasonable to report the debt as partially satisfied rather than fully satisfied.

Mr S has set out the very particular circumstances he has suffered, and the effects that the ongoing difficulties he faces have caused. He has explained that the records on his credit file cause particular anxiety and that he faces ongoing difficulty securing housing due to these.

I understand and appreciate Lowell's position that it must provide accurate information to credit reference agencies, and that it does not wish to create precedent that debt can be recorded as satisfied when it has not been paid.

In these circumstances, however, I do not think that recording the debt as fully satisfied, rather than partially satisfied, would be misleading or create an unfairness. I agree that Lowell is obliged to continue reporting the debt, but I agree with my colleague's view that in these circumstances it is fair and reasonable to record these debts as fully satisfied.

### **Putting things right**

As my colleague explained, in order to put this matter right, Lowell must report Mr S's written off debts as being fully satisfied.

### **My final decision**

For the reasons given above I uphold Mr S's complaint and direct Lowell Financial Ltd to ensure that it reports Mr S's debts as fully satisfied.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 April 2022.

Laura Garvin-Smith  
**Ombudsman**