

## **The complaint**

Ms C complains about a default entry recorded on her credit file by Lowell Financial Ltd.

## **What happened**

Ms C had a catalogue shopping account with a business I'll call S. Ms C has told us there was a problem when trying to make a payment which led to her account being closed. S closed the account and recorded a default on Ms C's credit file dated 14 September 2016.

The debt was sold to Lowell on 16 September 2016. Lowell sent Ms C a Notice of Assignment to confirm the new arrangements. A firm of solicitors (B) acting on Lowell's behalf contacted Ms C to discuss collections and potential legal action.

Ms C has told us S removed the default from her credit file and has asked Lowell to remove its entry. In 2017 Ms C paid a partial settlement and Lowell marked the default as partially satisfied on her credit file. Ms C says she was told the default would be removed.

Ms C complained and Lowell issued a final response on 26 March 2021. Lowell didn't agree it had acted unfairly by continuing to record the default on Ms C's credit file.

An investigator at this service looked at Mr C's complaint but thought Lowell had dealt with it fairly so didn't ask it to take further action. Ms C asked to appeal and explained she had never received a default notice from S about its intention to close her account. Ms C also said Lowell had unfairly applied fees and continued to record the wrong information on her credit file. As Ms C asked to appeal, her complaint has been passed to me to make a decision.

## **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 understand Ms C has concerns about the decision by S to close her account and record a default on their credit file. We consider complaints on an individual basis. That means, I can only look at Lowell's actions in this case. I can't consider whether S treated Ms C fairly in this decision.

So whilst I understand Ms C says the decision to close her account and record a default was unfair, those were actions taken by S. My decision will focus on Lowell's actions after it acquired a debt in Ms C's name.

Lowell purchased the debt shortly after S closed it and reported a default. Lowell is required to send confirmation of the new arrangements and I can see it sent a Notice of Assignment to Ms C on that basis. Lowell has sent us a copy of the original credit agreement, as provided by S, along with a screen print that shows the date the account was defaulted. Based on everything I've seen, I'm satisfied it acquired a debt in Ms C's and that it had a legitimate reason to contact her about the outstanding balance.

Lowell instructed B to begin legal action and Ms C has explained she made a payment in 2017 on the basis the default would be removed from her credit file. But Lowell doesn't agree B made that promise. Where the circumstances of a complaint are disputed by the parties involved I'll base my decision on the balance of probabilities. That is what I consider most likely to have occurred based on all the available information and evidence.

Ms C has told us B agreed to remove the default entirely if she made a partial settlement in 2017. But Lowell doesn't agree and has told us B's contact notes say it agreed to mark the debt as partially satisfied if Ms C made a payment in 2017 which is what it did. Lowell also says it doesn't offer to remove defaults on the basis of a partial settlement.

Whilst I understand my decision is likely to disappoint Ms C, I haven't been persuaded Lowell or its solicitor agreed to remove the default after receiving a partial settlement. I think it would be very unusual for Lowell to agree to remove a default without being specifically instructed to do so by the original lender. And there's no evidence on file that S told Lowell to remove the default from Ms C's credit file.

When a consumer makes a payment to clear a defaulted debt in full the business is expected to mark it as settled. Where a partial settlement is accepted, the credit file is updated to show that. But repaying the outstanding balance doesn't oblige a business to delete the record of the default. Ultimately, that's what's happened in Ms C's case. I'm very sorry to disappoint Ms C but I'm not telling Lowell to delete its entry.

Lowell offered Ms C £150 for delays by B when responding to a request for her account to be reopened. I can see there was a delay and I'm satisfied £150 fairly reflects the distress and inconvenience caused to Ms C. As a result, I'm not increasing the award.

Ms C has recently sent us a screen shot that shows the default date recorded by a credit reference agency was 2013, not 2017. But all the information I've seen shows Lowell recorded the default date in 2017. Ms C may want to contact the credit reference agency to query the entry if she remains concerned.

As I'm satisfied Lowell has made an offer to settle Ms C's complaint that is fair and reasonable in all the circumstances I'm not telling it to take any further action.

### **My final decision**

My decision is that I don't uphold Ms C's complaint because Lowell Financial Ltd has already made an offer that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 18 May 2022.

Marco Manente  
**Ombudsman**