

The complaint

Miss M has complained about Cabot Credit Management Group Limited, after a debt collector they appointed wrote to her about someone else's account.

What happened

Both sides are most familiar with what happened, so I'll summarise things in brief.

In early 2021, Miss M received a letter from the debt collector, about an account belonging to another individual who had the same name as her. It turned out that the debt collector had run a trace for their customer but had not carried out sufficient checks, so they'd mistakenly written to Miss M's address. The debt collector had been appointed by Cabot.

Miss M complained. Cabot apologised, explained that Miss M just had similar details to the actual customer and it wouldn't affect her credit, took the account back from the debt collector, and made sure Miss M's address was no longer on the account.

Our investigator looked into things independently and explained that the complaint would be better directed against the debt collector, as they were the ones who ran the trace, changed the address incorrectly, and wrote to Miss M. They didn't think Cabot had done anything substantially wrong themselves.

Miss M didn't agree. She felt Cabot were responsible for what happened. She was also unhappy with the way they'd handled her complaint, and that their investigation had left a soft search on her credit file. So the complaint's been passed to me to decide.

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 can see that it was indeed the debt collector – and not Cabot – who ran the trace, incorrectly thought their customer might live at Miss M's address, and wrote to Miss M.

I appreciate Miss M's arguments around the debt collector acting as Cabot's agents, and I do see where she's coming from. But Cabot didn't do anything inherently wrong by appointing a debt collector. And we generally award compensation against the business who actually did something wrong. Here, it's the debt collector who got things wrong by mis-tracing the account, not Cabot. And the debt collector are a separate business who are regulated in their own right, and who we can consider complaints about directly.

I don't think it would be fair – or particularly pragmatic – for me to hold Cabot responsible for a different business' actions, when we can just look at a case against that other business directly instead. I can see that Miss M now has a separate case with us against that debt collector, which seems appropriate here.

After Cabot became aware of what the debt collector got wrong, they apologised on their behalf, took the account back, directed the debt collector to address the complaint from their end, and made sure Miss M wasn't mixed up with their customer anymore. That all seems reasonable.

I understand Miss M is unhappy that there's a soft search from Cabot on her credit file. Cabot did that search as part of their complaint investigation, so they could see what the situation was. And that's reasonable. It's just a soft search, which is only visible to Miss M so that she can see who's looked at her file. It's not visible to lenders and won't affect her credit score or otherwise cause her any harm.

I also understand that Miss M is unhappy with the way Cabot handled her complaint. For example, I understand she felt that their final response wasn't good enough and that they took too long. But I'm afraid that as our investigator explained, those points fall outside of our jurisdiction. That's because we can only consider complaints about "regulated activities" – such as collecting a debt. But handling complaints is not a regulated activity in and of itself. So I cannot consider those points. I'd also note that we're not the regulator and are not here to fine or punish businesses.

My final decision

For the reasons I've explained, I don't uphold Miss M's complaint against Cabot Credit Management Group Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 2 March 2022.

Adam Charles
Ombudsman