

## **The complaint**

Mr T complains that NCO Europe Limited didn't clearly explain that it would apply a default to his account after he wasn't able to repay the outstanding balance.

Mr T says that the situation was further confused by the fact that he was also speaking to the business which owned the debt.

Mr T wants NCO to remove the default if he settles the outstanding balance.

## **What happened**

Since 2019, NCO has managed a debt in Mr T's name on behalf of the business which owns the debt. After Mr T missed some payments between December 2020 and February 2021, NCO sent him a notice of termination.

As Mr T didn't repay the outstanding balance, NCO reported a default to the credit reference agencies.

Mr T wasn't happy as the default prevented him from obtaining a mortgage. He told NCO that he could pay the outstanding balance if it would remove the default, but NCO didn't agree.

The investigator looking at Mr T's complaint didn't recommend that it should be upheld. He thought NCO had recorded the default fairly. As Mr T couldn't repay the account balance by April 2021, the investigator didn't think that any confusion that may have been caused by NCO and the owner of the debt would've led to the default being registered.

Mr T disagreed with the outcome. He said the investigator was speculating when he thought Mr T didn't have clear funds available. Mr T said that he was concerned about the impact of Covid-19 on the future of his employer. This meant he was reluctant to clear the outstanding debt in case he was then made redundant.

The investigator asked Mr T whether he was able to show that he had funds available at the time to clear the balance in full. Mr T gave this service details of some ISA transactions in his name that took place at the end of March 2021, but the investigator's recommendation didn't change.

## **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'm sorry to hear about the difficulties Mr T is having because of the default on his credit file. It will come as a disappointment to him, but I'm not requiring NCO to take any further action and I will explain why.

I don't think there's any dispute that Mr T missed some monthly payments to NCO. Account statements show that payments weren't received between December 2020 and February

2021. This led to NCO sending Mr T a notice of termination on behalf of the owner of the debt in February 2021. I can't find that NCO was wrong to take steps to default the account after at least three payments had been missed.

I've listened to the call that Mr T had with NCO in March 2021. I'm satisfied that the call handler explained to Mr T that unless he could pay the outstanding balance in full or agree a settlement by April 2021, a default would be applied as outlined in the notice of termination. And that even if Mr T restarted his payment arrangement, this wouldn't avoid the default.

At no time did Mr T mention the impact of the Covid-19 pandemic or express his concerns about the future of his employment. Instead, Mr T said he couldn't pay the balance in full and asked whether he could avoid the default by paying off the arrears. As the call handler confirmed that paying the arrears wouldn't prevent the default, Mr T decided just to restart the monthly arrangement.

Mr T says that just because he didn't mention his concerns about the pandemic affecting his employment, doesn't mean his concerns weren't real. I accept that Mr T was anxious about job security but given the significant impact a default was going to have on his credit file, I still think it would've been reasonable to expect him to say something more than he did at the time.

Mr T has given this service evidence of an investment in his name, but this doesn't show that he had cleared funds available to repay the outstanding balance. Although with the benefit of hindsight, Mr T says he would've paid the debt, I don't have enough evidence to conclude that this was the case at the time. And as I've already said, I'm satisfied that Mr T knew he owed the money and was told in writing and by phone that a default would be reported if he didn't repay the debt.

I appreciate that Mr T says there were ambiguities over who he needed to contact about the debt. I should say that I'm only able to consider Mr T's complaint as it relates to NCO's management of the debt, including the reporting of the default on behalf of its client. If Mr T is unhappy with the communication he received from the business which owns the debt, he would have to raise that with the business first.

However, I'm not persuaded that any confusion Mr T may have felt about which business he should contact led to the default being applied to his account. This is because the account statements and correspondence gave NCO's contact details. Mr T contacted NCO in March 2021 after receiving the letter about the debt. He was able to restart his payment arrangement and was told by NCO what would happen if he couldn't clear the outstanding balance in full. So, Mr T should've reasonably been aware of what he needed to do to avoid the default.

As I don't find that NCO made a mistake, I can't reasonably require it to remove the default.

### **My final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 29 March 2022.

Gemma Bowen  
**Ombudsman**