

The complaint

Miss K complains about a default recorded on her credit file by Debt Managers (Services) Limited (DMS).

What happened

Miss K had an account with another business (S). On 14 October 2019 S closed Miss K's account and recorded a default on her credit file. Miss K has explained she made a payment to S on 29 October 2019 to clear the outstanding balance. On 30 October 2019 DMS acquired the account from S. On 11 November 2019 DMS and S wrote to Miss K to confirm the new arrangements.

Miss K contacted DMS and explained the balance had already been repaid. But DMS didn't receive Miss K's funds from S until May 2020.

Miss K complained and DMS issued a final response in June 2020. DMS confirmed the payment had been received and the default marked as satisfied on Miss K's credit file.

An investigator at this service looked at Miss K's complaint. Miss K told us the default had caused problems for her when trying to secure credit, including a mortgage. During the investigation, DMS agreed to back date the date of settlement to October 2019, the date Miss K cleared the balance with S. Our investigator thought Debt Manager's offer was fair but Miss K asked to appeal.

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.

In this case, I'm only able to look at DMS' actions and whether it treated Miss K fairly after it acquired her account from S. I understand Miss K has concerns about the way her account was handled and the decision to default. But DMS acquired the debt after the default was already applied. My decision will focus on DMS' actions and whether it treated Miss K fairly.

Miss K paid S the outstanding balance shortly before her account was sold to DMS. Miss K contacted DMS and explained the debt was already cleared, but it didn't receive payment from S until May 2020. As I've noted above, I can only look at DMS actions so I can't say why it took that long for funds to be forwarded by S. But I'm satisfied DMS received Miss K's payment in May 2020 as it claimed.

At that point, DMS marked the default as satisfied on Miss K's credit file with a date of May 2020. DMS has since agreed to backdate the date the default was satisfied to the date Miss K paid S – October 2019. I think that's a more accurate reflection of what happened with Miss K's account and I'm satisfied it's a fair approach.

Miss K has told us she experienced problems obtaining credit including a mortgage. As I've said above, I can only look at DMS' actions and it wasn't the business that closed Miss K's

account and defaulted it. DMS took over responsibility for reporting the default once it acquired the account. I agree the satisfaction date of the default should be backdated to October 2019. But as Miss K's account with S did close and default before she cleared the outstanding balance I'm not telling DMS to remove its entry from her credit file.

I'm sorry to disappoint Miss K but as I'm satisfied DMS' offer to backdate the default settlement date to October 2019 is a fair way to resolve her complaint, I'm not telling it to do anything else.

My final decision

My decision is that I uphold Miss K's complaint and direct Debt Managers (Services) Limited to backdate the default settlement date to 30 October 2019.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 20 April 2022.

Marco Manente
Ombudsman