

The complaint

Mr L complains about Arrow Global Limited's handling of his account.

What happened

Mr L feels Arrow did not treat him fairly when he contacted them to say he was experiencing financial difficulties as a result of the COVID-19 pandemic. And he's unhappy with their later decision to close his account and register a default on his credit file.

Arrow responded to Mr L's complaint. They said they had treated Mr L fairly by allowing a number of payment holidays and applied a further hold on his account for 90 days after his complaint. In the end, as Mr L wasn't able to repay what he owed the account was defaulted.

Our Investigator considered Mr L's complaint. She said, in summary, she could see after Mr L had told Arrow he wouldn't be able to keep up with his agreed payments they allowed him a number of payment holidays in line with the Financial Conduct Authority's ("FCA")'s guidance on assisting people in financial difficulty as a result of the pandemic. So she thought Mr L had been treated fairly.

Mr L didn't agree. He said he was furloughed, had offered to make smaller payments even though he couldn't really afford to do this and Arrow had treated him unfairly.

As Mr L didn't accept the Investigator's findings, the case has been passed to me.

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.

When a customer is in financial difficulties, we'd expect the financial business to treat their customer fairly. What this means in practice depends on each customer's circumstances. And – when recording information on a customer's credit file – financial businesses have an obligation to make sure what they record is an accurate and fair reflection of the conduct of the account.

Arrow acquired Mr L's account in 2019. Mr L agreed a repayment arrangement and made those payments without incident until September 2020. At this point, Mr L contacted Arrow to explain he'd been furloughed as a result of the pandemic and was unable to make payments. Arrow agreed a payment holiday for Mr L of 90 days.

Two further payment holidays were agreed by Arrow. In April 2021, Mr L was still unable to resume making payments towards his account, Arrow wrote to him to say they were terminating his agreement and would register a default if he didn't pay the remaining balance by June 2021. I've seen a copy of the letter Arrow sent Mr L about this.

The point of a payment holiday is to give the customer some temporary breathing space if they're struggling and help them get back to making their normal payments, where possible.

In total, Arrow gave Mr L six months of payment holidays before taking steps to default his account. And I can see Mr L had told Arrow that he remained furloughed and did not anticipate his circumstances changing any time soon.

As well as the FCA guidance relating specifically to customers experiencing financial difficulty as a result of the pandemic, Arrow have obligations under the FCA's Consumer Credit Sourcebook ("CONC") to treat customers with forbearance and due consideration.

I can see Arrow wrote to Mr L in March 2021 to say his payment holiday was coming to an end and asked him to contact them if he wouldn't be able to resume making payments. Mr L says he didn't get this letter, but I'm satisfied it was sent and to the correct address. While its unfortunate Mr L didn't receive this letter and didn't get in touch with Arrow before they wrote to him saying they intended to default his account, I don't think this makes a difference to the overall outcome of his complaint. I'll explain why.

Mr L did speak to Arrow when he received their letter about the default and told them he was still furloughed at this point and so he wasn't in a position to repay what he owed. He doesn't feel Arrow did enough to assist him before defaulting his account. It doesn't look like Arrow considered whether they should offer Mr L any other type of assistance when he contacted them at this point, but they did agree a further 90 day hold on the account. As Mr L has said he couldn't make payments as he was still furloughed, I don't think there's anything else Arrow could reasonably have done as it doesn't seem likely Mr L would've been able to resume making payments.

I'm sorry to hear how difficult things have been for Mr L. However, having considered everything, I think Arrow did treat Mr L fairly. They agreed a series of payment holidays, in line with FCA guidance and their obligations under CONC, to give Mr L time to get back on track. It's unfortunate that Mr L couldn't do so because he was furloughed but I don't think this is something I can fairly hold Arrow responsible for.

Mr L has told us that even after he returned to work, he still wouldn't have been able to resume making payments towards his account with Arrow as he was only given part-time hours. So it seems unlikely Mr L would've been able to resume making payments even if Arrow had granted further payment holidays and so the default would likely have been registered in any event.

Overall, I'm satisfied Arrow treated Mr L fairly.

My final decision

For the reasons I've explained, I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 July 2022.

Eleanor Rippengale
Ombudsman