

The complaint

Mr V has complained about Lowell Portfolio I Ltd purchasing a debt which he says isn't his.

What happened

This complaint is about a consumer credit account that was opened in 2017, defaulted in 2019, and was sold to Lowell in 2021.

After Lowell bought the account, Mr V complained that the debt wasn't his. Lowell raised this with the original creditor, who provided some evidence it was Mr V's account. They said the credit facility was linked to Mr V's genuine account he'd had since 2003, they'd not received any prior fraud reports, he'd spoken to them previously about his account and not reported fraud, and he'd made previous payments towards the facility by direct debit.

Mr V came to our service. He felt that Lowell hadn't proven the debt was his, and he was unhappy they were reporting a default in his name.

Our investigator looked into things independently and didn't uphold the complaint. They explained that Lowell weren't responsible for how the account was opened or spent on, so they helped Mr V raise a complaint against the original creditor instead. They explained that Lowell had bought the debt in good faith and raised Mr V's dispute with the original creditor as they should have, so they didn't think Lowell had done anything substantially wrong here.

Mr V didn't agree, 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.

First, it's worth keeping in mind that Lowell did not open this account nor administrate it when it was being spent on. That was done by the original creditor. So a complaint about the opening of the account or its spending would be best directed to the original creditor – Lowell are not the ones primarily responsible for those things. And it wouldn't really be fair for me to hold Lowell responsible for the actions of the original creditor when we can look at such a complaint against that lender directly instead. I understand that Mr V has raised a complaint against the original creditor now, and he can ask us to take that further if he'd like.

Similarly, it was the original creditor who registered the default, not Lowell. Lowell are just continuing to report the same default that the original creditor registered, which Lowell are required to do now that they own the account. So they've not done anything wrong there.

Lowell bought the debt in good faith, and the debt wasn't in dispute at the time, so I don't think they did anything wrong in purchasing the account. Of course, once Mr V made them aware of his dispute, I would expect Lowell to have raised this in turn with the original creditor. But I can see that Lowell did do that, and in good time. And they received information from the original lender which supported the debt being genuine.

For example, it was set up in Mr V's name, at his registered address – which he confirmed in his other correspondence was an address of his around the time this account was opened. And it was set up using his email address – the same one he's still using to contact Lowell and this service. It was also linked to his genuine original payment account, which Mr V had been using since as far back as 2003.

The credit agreement and other correspondence was sent to Mr V's genuine email address. And with each transaction, the original creditor would send him an email to confirm what he'd paid for. So it appears Mr V was aware of this credit facility and how it was being used at the time. But according to the original creditor, Mr V never reported any fraud before, even when he contacted them about other matters.

According to the original lender's records, goods were sent to Mr V's registered address. The spending in question was for things like groceries, household goods, streaming subscriptions, and so on. And the spending took place slowly over a lengthy period, whereas a fraudster would want to spend as much as possible as quickly as possible before the fraud is discovered. This all suggests the spending was genuine.

Lastly, the account received numerous payments over the years. This also strongly suggests the account was not fraudulent, as fraudsters don't generally pay off their fraudulent debts – otherwise it would rather defeat the point of the crime. According to the original creditor, the payments came from a genuine direct debit.

So Lowell received substantial information to support that the account was genuine. And they didn't receive anything which substantiated it was fraudulent. So I can't see that Lowell did anything wrong in continuing to pursue the debt. I don't agree with Mr V that they failed their duty of care in any reasonable sense. Again, it's worth bearing in mind that Lowell did not open the account or allow it to be spent on – they just bought it in good faith.

Of course, if Mr V would like us to look into the account's opening and spending in more detail then, as I said before, he can ask us for help with his complaint against the original creditor.

My final decision

For the reasons I've explained, I don't uphold Mr V's complaint about Lowell Portfolio I Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 11 May 2022.

Adam Charles
Ombudsman