

## **The complaint**

Mr V has complained about Arrow Global Limited defaulting his account.

## **What happened**

This complaint surrounds a credit card account which was sold on to Arrow Global in September 2019.

Mr V says he didn't receive the letter where the original creditor confirmed they'd sold the debt to Arrow Global. Then when Arrow Global contacted him to chase the debt, he assumed it was a scam. He thought he was still paying the original creditor, and didn't notice they'd cancelled his direct debit. So he broadly ignored Arrow Global's contact.

In July 2020, Arrow Global managed to get through to Mr V on the phone. According to the call notes, they explained they hadn't been getting any payments, and that the account was at risk of defaulting. They sent him an income and expenditure form so he could work out what might be an affordable repayment for him, and then they sent him a copy of the credit agreement to show this was his debt.

Mr V continued not to make any payments. In December 2020, Arrow Global sent him a notice of termination. Mr V called them and reiterated he'd thought it was a scam and he'd thought he was still paying the original creditor. He explained he couldn't afford to pay the account off unless he borrowed a loan to make a full and final settlement, and could only afford limited monthly payments. That wasn't enough to clear the arrears or balance, so the account defaulted.

Mr V complained. Arrow Global felt they'd acted fairly, but offered £75 compensation for a delay in dealing with his complaint.

Our investigator looked into things independently and upheld the complaint. They pointed out that Arrow Global hadn't quite followed the default process to the letter, and that Mr V had offered to make a full and final settlement. They recommended the default be removed.

Arrow Global didn't agree, so the complaint was passed to me to decide.

I sent Mr V and Arrow Global a provisional decision on 15 February 2022, to explain why I thought the complaint should be upheld in part. In that decision, I said:

*I understand that Mr V doesn't recall getting the letter where the original creditor said they'd sold the debt to Arrow Global. But I can see the letter was sent to the address he'd put on his account, which is the same address he gave us and the same one he gave Arrow Global on the phone. And Mr V did say he received their later letters.*

*In addition to those letters, Arrow Global also sent Mr V account statements, emails, texts, and they tried calling him too. So I think Arrow Global did more than enough to make sure Mr V knew that they owned the debt and that he was falling behind.*

*I can't see anything in Arrow Global's contact which should have given the impression that they were a scam. This seems to be something Mr V assumed on his own. And he could have always simply asked the original creditor, or asked Arrow Global to re-send the proof he owed them the money, or he could have looked them up online and seen they were a genuine company, and so on. But it looks like Mr V didn't speak to the original creditor about this until December 2020, by which point he'd been missing his payments to Arrow Global for over a year.*

*So by December 2020, Mr V was over a year behind, and not due to any fault or error by Arrow Global. He'd been served notice that his account would default. And he was only able to offer limited monthly repayments that would not be enough to pay off the arrears he'd built up. While he did talk about making a settlement offer, he said this would be by borrowing further money – which would just put him further into a cycle of debt. So it wouldn't really have been appropriate for Arrow Global to accept such a settlement offer anyway.*

*With all that in mind, it really seems reasonable that Arrow Global defaulted the account.*

*Our investigator pointed out that Arrow Global didn't quite follow the full process for a default. For example, they didn't put the reason for terminating the account on the notice of termination, nor send a separate arrears notice.*

*While I can see where our investigator is coming from, it's difficult to see what difference those things would have made. The reason for termination was clear – Mr V was more than a year behind on his payments. And his arrears were set out clearly in Arrow Global's regular statements, while their other correspondence also made it clear he was behind. Further, he discussed his account with Arrow Global back in July 2020 and was told about the risk of default, but continued not to make payments. By his own admission, Mr V broadly ignored Arrow Global's contact for a long time. And Mr V didn't deal with the debt until he spoke to the original creditor in December 2020, which was too late to stop it defaulting. So I can't see that an arrears notice or a clearer termination notice would have realistically changed things. Ultimately, Mr V was too far in arrears to avoid a default.*

*Indeed, I think Arrow Global should have really defaulted Mr V's account earlier than they did. By April 2020, Mr V had fallen six months behind on his payments and had not engaged with Arrow Global or made any arrangements to pay off his arrears. And in that sort of situation, I would expect a default to be registered without much delay.*

*By backdating the default, it may make Mr V's situation a bit easier now, as the default will be less recent on his credit file, which might look better to potential lenders. It also means the default will fall off his file more quickly and won't be on there for as long.*

*Lastly, I've considered Arrow Global's delay in responding to Mr V's complaint. And I think the £75 compensation they've offered is fair.*

*I said I'd consider anything else anyone wanted to give me – so long as I received it by 15 March 2022. Arrow Global accepted the provisional decision, and Mr V didn't add anything further.*

### **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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, for the same reasons as set out in my provisional decision above.

### **Putting things right**

I direct Arrow Global Limited to:

- Backdate the default to April 2020; and-
- Pay Mr V the £75 compensation they offered, if they've not done so already.

### **My final decision**

I uphold Mr V's complaint in part, and direct Arrow Global Limited to do what I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 13 April 2022.

Adam Charles  
**Ombudsman**