

The complaint

Miss H has complained that Arrow Global Limited defaulted her account after writing to the wrong address.

What happened

This complaint surrounds a credit card account. Miss H had been in a payment plan with the original creditor since 2011, which she had kept up with. The account was sold to Arrow Global at the end of 2019.

Arrow Global wrote to Miss H at an old address, and also once tried writing to an incorrect version of her current address. They called her mobile once, but do not appear to have got through or left a message. Their post got returned, which caused them to hold off from defaulting the account for a bit. But then they defaulted it anyway.

Miss H says she found out about the default when she was informed by a credit reference agency. She found her score had dropped drastically and she was unable to get credit. She felt very distressed, and was disappointed as she'd kept to her payment plan for so many years. She asked only that Arrow Global remove the default and let her resume her payments. But Arrow Global said they wrote to the address they were given and Miss H was at fault for not updating the original creditor when she moved.

Our investigator looked into things and didn't uphold the complaint. Miss H didn't agree, so the complaint was passed to me to decide.

I sent Miss H and Arrow Global a provisional decision on 6 April 2022, to explain why I thought the complaint should be upheld. In that decision, I said:

Based on what I've seen so far, I think this default should be removed. I'll explain why.

First, I am reasonably satisfied that Arrow Global wrote to incorrect addresses, and so Miss H did not receive their correspondence.

The main address they wrote to was, as I understand, Miss H's parents' old address, which she says they'd moved out of by then. And the land registry does indeed show that this property was sold on some time before Arrow Global bought the account. So I don't think Miss H got those letters.

I'm also satisfied that Miss H did indeed live at the address she says she did at the time, which is backed up by electoral roll data and her tenancy agreement. At one point, Arrow Global wrote to an address that was similar to Miss H's correct address, but was ultimately substantially incorrect. So I think it's most likely that Miss H never got that letter either.

Finally, the fact that Arrow Global's post got returned only reinforces that their letters weren't getting through.

I accept that Miss H had some responsibility to keep her creditors updated with her latest address. It's not clear if she did so here or not. It looks like she wrote to the original creditor, though understandably because of the time that's passed she doesn't still have the proof of postage. And the original creditor's internal records seem rather muddled about which address was the right one.

But even if I assume that Miss H failed to keep that creditor updated, I don't think it's fair to put all the blame on her. In the hustle and bustle of moving, it's really quite understandable for someone to forget to update a small creditor from a decade or more before. And Arrow Global also had a responsibility to treat Miss H fairly and to make sure she actually knew what was going on – especially before taking drastic action like defaulting her account.

I don't think Arrow Global dealt with this account reasonably. When they bought this debt, Miss H had been keeping up her arrangement with the original creditor for a very long time indeed. So it would've been most odd for her to deliberately break this arrangement nearly a decade in. Further, this account was very old, and so there was a strong likelihood that Miss H's contact details had changed. And Arrow Global had not heard back from Miss H at all in response to their letters, and they found her landline numbers were out of date. That all should have rung alarm bells for Arrow Global, and prompted them to check if they were actually getting through to her. But they didn't take sufficient steps to do so.

But even more than that, Arrow Global's post actually got returned. So they should have reasonably known they'd been writing to the wrong place. At first, I can see they delayed the default registration on that basis. But then they went ahead anyway without tracing Miss H to her correct address, without trying any other methods of contact, and without having any good reason to believe she actually knew what was going on.

I can see that the original creditor had Miss H's correct email address and mobile phone number on file. And it looks like this was passed to Arrow Global. But Arrow Global never tried emailing Miss H at all. And they only tried phoning her mobile once, but from their notes it doesn't look like they actually spoke to her or left a message, and it looks like they never tried again. I acknowledge that Arrow Global weren't technically required to use phone or email. But at least by the time they knew their post was being returned, they should have held off on the default and actually made sure Miss H knew what was happening – and they had the means to do so by both phone and email. They could also have traced her correct address, which was registered to her other accounts and the electoral roll.

Put simply, Arrow Global did not have a reasonable basis to think they'd actually got through to Miss H, whereas they had good reasons to realise they hadn't. But they didn't take reasonable or sufficient steps to make sure she knew they owned the account or that she was falling behind before registering a default. That was unfair.

At the least, when Miss H complained, Arrow Global should have realised that things had gone wrong and that she'd never heard from them. She had only asked them to remove the default and resume her payments, which was clearly a reasonable request, not least given her years of keeping up payments before. And so they should have at least got rid of this default by then. But instead, they let the case come all the way to a final decision.

Ultimately, it's not fair for Miss H to have this default when I'm reasonably satisfied she never actually received the proper notice that Arrow Global owned the debt, that her payments were no longer going to the original creditor, that she was falling behind, or that she risked such a default. Even if she failed to update her address with the original creditor, that's a common and understandable mistake, it's not fair to punish her in this way, and our approach is generally not about punishing either side. And it looks like Arrow Global also failed to take reasonable steps to contact their customer, even when they should have reasonably realised that their correspondence hadn't actually got through.

I understand that Arrow Global's error has caused Miss H some real trouble and upset, in terms of sorting things out, stress, and seeing her credit rating drop after years of building it up. I also understand this has caused her some trouble getting credit. And while the creditors in question won't provide reasons for turning her down as a matter of policy, I can see from Miss H's credit file that this default is the only significant negative factor. So I think it's most likely it has had some noticeable effect on Miss H's ability to get credit. Arrow Global need to put all of that right.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 4 May 2022. Miss H let us know she had nothing more to add. Arrow Global made some further comments, which I'll talk about below.

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.

Arrow Global said they did once try to trace Miss H. They blamed the credit reference agency for giving them the wrong address. The screenshot they've provided is unclear – for example, I note it contains dates from *after* the default, so it's not certain whether they really did run this trace before defaulting the account. But even if I assume they did, the credit reference agency would've only provided *possible* matches – they wouldn't have told Arrow Global what details to use. It was up to Arrow Global to review the information and do their own checks to make sure they then wrote to the right place. But Arrow Global ended up writing to the wrong address, despite the fact that Miss H's correct address was registered to her other accounts and the electoral roll. And it looks like Arrow Global realised this was the wrong address, since they never wrote there again. But I can't see that they traced Miss H again, let alone to her actual correct address. So I still find that Arrow Global bear responsibility for things going wrong there.

Arrow Global also pointed out that they tried to phone Miss H once. But, per the provisional decision, it looks like they didn't get through, didn't leave a message, and didn't try again. So I'm not sure why Arrow Global thinks this supports their case. A single unsuccessful call attempt was not a reasonable basis for them to think they'd made Miss H aware of the situation.

Arrow Global reiterated Miss H's responsibility to update her address. But I already dealt with this in the provisional decision. As I said before, it's not clear whether Miss H gave the original creditor her updated address or not. But even if I assume she didn't, Arrow Global still had a responsibility to treat her fairly and to properly inform her of what was going on.

Here, Arrow Global wrote to an incorrect address, which they seem to have known was incorrect since they never wrote there again. They never emailed Miss H, they only tried phoning her once and never got through, and they never left her any messages. Otherwise, they consistently wrote to an out-of-date address, and their post got returned so they then knew this address was wrong too. This caused them to delay the default registration at first, but then they went ahead anyway – even though they knew by this point that they'd never properly notified Miss H. They also knew she'd been making her payments for years and years and had no reason to stop if she'd just been informed the debt had changed hands.

The fact remains that Arrow Global had no reasonable basis on which to think they'd got through to Miss H, whereas they reasonably should've known that she'd never received any of the proper notices. And Arrow Global had a responsibility to make Miss H aware of what was going on – especially before taking action like a default.

Lastly, Arrow Global pointed out a couple of cases where investigators had found in a business' favour. But as Arrow Global should know, this is an ombudsman's decision, not an investigator's opinion. And we look at each case on its own individual merits.

So having reconsidered the case, I've come to the same conclusion as before. Arrow Global got things wrong, and need to put things right.

Putting things right

I direct Arrow Global Limited to:

- Remove the default and any related negative information from Miss H's credit file;
- Reinstate her previous payment plan; and
- Pay Miss H £250 compensation for the trouble and upset caused.

My final decision

I uphold Miss H's complaint, and direct Arrow Global Limited to put things right in the way I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 2 June 2022.

Adam Charles
Ombudsman