

## **The complaint**

Mr H is unhappy about the way that Cabot Credit Management Group Limited (Cabot) has been managing the collection of several outstanding accounts in his name.

## **What happened**

Over time, Cabot has bought several outstanding credit accounts in Mr H's name. Mr H has been making nominal monthly payments against these debts for some time.

Mr H was unhappy that the lenders had sold his accounts to Cabot. Mr H wanted Cabot to return the accounts to the original lenders so that he could try and mediate settlements with them before going to court.

Mr H said that some of the accounts were unenforceable which meant he should be due a refund of monies paid or the accounts should be closed so he could mediate.

Cabot told Mr H that certain of the accounts were unenforceable as the original lenders couldn't supply copies of the credit agreements that he'd requested. Cabot said that although this meant it couldn't take legal action to recover the money, the balances remained outstanding. Cabot offered Mr H a 70% discount across some of the accounts.

The investigator didn't recommend that Mr H's complaint be upheld. He explained that Cabot wasn't responsible for the actions of the lenders and that it had acted reasonably when it forwarded Mr H's concerns to them. The investigator clarified that Cabot agrees two credit card accounts are unenforceable but that this doesn't mean it should stop asking him to make repayments.

The investigator said that Cabot hadn't received formal requests from Mr H in relation to the other accounts. Cabot originally offered a 70% discount on the balances which could be paid over three months. Cabot has since agreed that any settlement reached can be paid over 12 months. But that as Mr H didn't accept Cabot's previous discount offer, it doesn't have to offer the same discount again.

The investigator thought that Cabot's offer to pay £100 for the delays in dealing with correspondence was fair.

Mr H is unhappy with the investigator's recommendation. He says Cabot didn't reply to his correspondence about the discount or closing his accounts. Mr H asks who will refund money to him if the accounts are unenforceable once he takes court action.

Mr H says he's not been given statements or full account balances. Mr H says he's been misled by Cabot.

## **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.

I realise that I have summarised this complaint in less detail than the parties and I've done so using my own words. I'm not responding to every single point made by the parties involved. I don't intend any discourtesy by this. Instead I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do this.

The investigator has already given Mr H quite a lot of information about the debts so I don't intend repeating that – particularly as some of the information includes account numbers. I hope that Mr H can refer to the investigator's view letter for an explanation of which accounts are being managed by third parties on Cabot's behalf. I should also make it clear that I am only considering the actions of Cabot and not those of any of the original lenders.

During his complaint, Mr H has disputed Cabot's ownership of the various debts but I'm satisfied that Cabot is the owner. It has given this service copies of the notices of assignment that it sent to Mr H after buying the debts. Due to the age of two of the debts, Cabot can't provide the relevant notices that it sent but it seems likely that Cabot did send them. As owner of the debts – I consider it was reasonable of Cabot to ask Mr H to repay the outstanding balances.

Much of Mr H's concerns appear to relate to whether certain agreements are enforceable or not. Cabot has a record of Mr H asking for copies of agreements for two credit accounts under sections 77 to 79 of the Consumer Credit Act 1974 ("section 77 request").

The Financial Conduct Authority (FCA) says in its handbook that a credit agreement becomes unenforceable until a section 77 request has been complied with. Once Mr H made the section 77 requests, Cabot asked the original creditors for copies. And where it couldn't provide copies, Cabot told Mr H that the debts were unenforceable. So, I'm satisfied that Cabot complied with the FCA guidance.

It's not a matter for this service to decide whether a debt is legally enforceable. That is for the courts to decide. But I can still consider whether Cabot acted unreasonably when pursuing debts from Mr H.

Even where debts are unenforceable, this doesn't mean that Cabot is prevented from asking for repayment. It also wouldn't mean that Cabot needs to refund any of the money that Mr H has paid in relation to the debts. I don't find that Cabot mislead Mr H or that the nature of its contact has been unreasonable or excessive. I'm also satisfied that Cabot forwarded Mr H's concerns to the original lenders. So, I can't say that Cabot failed to deal with his concerns.

Cabot's settlement offers were made on the basis that Mr H would pay them over no more than three months. I appreciate that Mr H was only able to offer token payments but this doesn't mean that Cabot had to agree to token payments on the discounted balance. When Cabot made the discounted offers, it also reminded Mr H that he could continue paying towards his current plan. This seems fair.

As far as I can see, Mr H raised his concerns about the accounts in June 2021. Cabot apologised that it originally treated these concerns as a dispute rather than a complaint and offered £100 to apologise. I appreciate Mr H would've heard back sooner had a complaint been logged at the time but I'm satisfied Cabot's offer of compensation was reasonable.

Mr H says that nobody has given him full account balances or statements but I can't see that this formed part of his original complaint so I haven't considered this further.

Overall, I don't find that Cabot has treated Mr H unfairly. It has been allowing Mr H to make nominal monthly payments and hasn't applied interest to any of the debts. Cabot would like to work with Mr H to set up affordable payment arrangements. If Cabot's customer

operations team hasn't yet spoken with Mr H, I recommend that he contacts the team to discuss his accounts. If Mr H does this, I remind Cabot of its obligation to treat any offers that he might make, reasonably and fairly.

### **My final decision**

My decision is that, if it hasn't already done so, Cabot Credit Management Group Limited should pay Mr H £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 August 2022.

Gemma Bowen  
**Ombudsman**