

The complaint

Ms S is unhappy that Lowell Portfolio I Ltd ('Lowell') won't remove a default from her credit file.

What happened

Ms S had a credit account with another company, which I'll call 'N'. The account was defaulted by N on 30 April 2021.

Ms S was unhappy that the default was registered. So, she complained to N about this and about the customer service she'd received. It didn't uphold her complaint and so she brought her concerns to our Service.

One of our Investigators looked into her complaint about N and upheld her concerns about the service she received. But they said that the registration of the default was fair and so they didn't think N should remove it. Ms S accepted these findings and the complaint was closed in July 2021.

In May 2021 N sold the outstanding debt on the account to Lowell.

In September 2021 Ms S got back in touch with our Service as she wanted Lowell to remove the default and it was refusing to do so. Ms S actually settled the outstanding debt with Lowell on 13 October 2021. A complaint was then raised with Lowell on Ms S's behalf.

Lowell responded on 1 March 2022 but didn't uphold the complaint. It confirmed it had purchased the debt from N and was obliged to take over the reporting of the default based on the information it was given by N. It confirmed the debt was now showing as 'satisfied' since Ms S made the final payment, and said the default was correctly recorded.

Ms S told our Service the default was causing her problems securing lending and she had never missed nor does she currently owe any payments. Ms S said that due to the customer service issues she'd had with N back in 2020, she didn't know there was outstanding debt to pay.

Another Investigator looked into the complaint about Lowell. They said they couldn't ask Lowell to remove the default as it had bought the debt from N and was fairly reporting based on the information it had been given. And our Service had found N applied the default fairly.

Ms S remained unhappy with our Investigator's response to her complaint about Lowell, so it has been passed to me to decide. Ms S stressed that she either didn't understand or hadn't read the Investigator's findings back in 2020 correctly. And that she didn't think the default registered by N was fair.

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'd like to start by saying that I was sorry to read about the difficulties Ms S has been experiencing of late. I don't doubt this has been an incredibly stressful time for her and I'd like to wish her the best moving forward.

In this decision I will only be considering the actions of Lowell. Whilst I appreciate Ms S remains unhappy with N, concerns about N were raised separately and have already been considered by our Service, so these are not something I can comment on here.

As an aside, I'm aware Lowell has purchased another of Ms S's debts from a different company, 'B', and that Ms S is also unhappy about the registration of a default for this account too. However, I understand Lowell resolved this issue to Ms S's satisfaction and that she now only has concerns with the company B. So, I don't intend to comment on Lowell's actions in respect of this other account any further - Ms S has told us this isn't the crux of the complaint she now wishes to raise about Lowell.

Ms S is unhappy Lowell won't remove the default connected with her old account with N from her credit file. She's told us this default is having a substantial impact on her life and ability to secure credit.

I think it would be helpful to start by explaining that once an account is defaulted, it remains so regardless of whether payments are later made towards the debt. A default will remain visible on someone's credit file for six years. Lenders and financial business that own debts have clear reporting requirements and must accurately record how a customer has managed their account on their credit file. This is the way the credit reporting system works.

Whilst I appreciate Ms S thinks the registration of the default by N was unfair, this is not something I can consider as part of this complaint.

Having then taken over the debt, Lowell's responsibility is to provide accurate information to credit reference agencies. Here I'm satisfied that Lowell is reporting the account as defaulted based on the information it was given by N. So, I'm not persuaded this reporting is inaccurate or unfair.

Once a defaulted debt is settled it can be shown as such by the credit reference agencies. So, Lowell also has a responsibility to notify the credit reference agencies once the debt was paid – something Lowell's has confirmed it has done.

So, I don't think Lowell has done anything wrong here.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 8 June 2022.

Jade Cunningham
Ombudsman