

## **The complaint**

Mrs C complains that Arrow Global Limited has unfairly recorded adverse information on her credit file.

## **What happened**

Mrs C had a credit card with a business I'll call V. Mrs C has told us she agreed a payment arrangement with V after the account fell into arrears. In July 2019, the account was sold by V to Arrow. A Notice of Assignment (NOA) was sent to Mrs C to confirm the new arrangements and outstanding balance of £3,462.43.

Arrow employed agents to contact Mrs C and collect the outstanding balance. Arrow says it received payments in August 2019. But after that, Arrow says no further payments from Mrs C were received.

Arrears letters and default notice were sent to Mrs C and the account was ultimately closed. A default was recorded on Mrs C's credit file dated 25 February 2021.

More recently, new collections agents acting for Arrow contacted Mrs C about the debt. Mrs C went on to complain to Arrow which sent a final response on 22 April 2022. Arrow didn't agree it had acted unfairly by recording the default and said arrears led to the account closure.

An investigator at this service looked at Mr C's complaint. They thought Arrow had acted reasonably by recording a default but thought it had waited too long to close Mr C's account. The investigator asked Arrow to backdate the default. Arrow agreed to backdate the default to 2 February 2020.

Mrs C didn't agree with the investigator and said she'd approached V and agreed to pay a reduced sum. Mrs C said V had refused to accept her payments and didn't inform her it had sold the debt. Mrs C also said Arrow had sent letters but wasn't aware she could arrange a monthly payment plan. As Mrs C didn't accept the investigator's view, this complaint has been passed to me to make a decision.

## **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.

Businesses can transfer debts by assigning them to a new owner. In this case, V assigned Mrs C's credit card account to Arrow in July 2019 whilst it was in arrears. And Arrow sent Mrs C a Notice of Assignment to confirm the new arrangements. I've looked at the address Arrow and its agents used and I'm satisfied it's in line with the details supplied by V. So whilst I understand Mrs C didn't take out a credit card with Arrow, I'm satisfied V sold the account in July 2019 as claimed.

Mrs C says V refused to accept further payments and didn't tell him the debt had been assigned to Arrow in 2019. As a result, the account fell further into arrears and was closed. Mrs C has confirmed she received some contact from Arrow but wasn't aware she could reach an arrangement to make affordable payments. But I've looked at the correspondence Arrow sent Mrs C and can see it asked her to get in contact and discuss affordable payment plans to avoid account closure.

I've also looked at Arrow and its agent's collections notes and can see they tried to call and sent text messages to Mrs C to try and discuss the account. I haven't been persuaded that Arrow misled Mrs C concerning the status of the account or ability to reach a payment arrangement before taking the step of closing it and recording a default.

Arrow has agreed to backdate the default to 2 February 2020 and I think that's the fairest approach. Industry guidelines say businesses will normally apply a default following three to six months of arrears. In this case, Arrow took around 18 months and that means the entry would've remained on Mrs C's credit file for longer than necessary. Arrow's agreement to backdate the default means it more accurately reflects the point the credit card account should've closed.

Mrs C has queried the number of defaults recorded on her credit file in relation to this debt. But the "D" marker she sees is a monthly indication of the status of the account, not a new default. Monthly status reports will be recorded for six years following the date of default. I'm sorry to disappoint Mrs C but I'm satisfied that accurately reflects the status of the account.

As I'm satisfied Arrow's agreement to backdate the default to 2 February 2020 is a fair way to resolve Mrs C's complaint I'm not telling it to do anything else.

### **My final decision**

My decision is that I uphold Mrs C's complaint and direct Arrow Global Limited to backdate the default recorded on her credit file to 2 February 2020.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 7 October 2022.

Marco Manente  
**Ombudsman**