

The complaint

Mr L complains about Debt Manages (Services) Limited's actions when trying to recover a debt he says was fraudulently opened in his name.

What happened

In December 2019 DMS purchased a debt from another business (M). The debt originally came about by way of an account with a business I'll call N.

DMS says it tried to contact Mr L and went on to refer the matter to its solicitors. DMS was able to speak with Mr L in early 2022 and he advised the matter had already been referred to the courts which had decided the account was opened fraudulently. DMS says it asked Mr L to provide supporting evidence to show the issue had already been decided by the courts and placed its collections activity on hold.

Mr L complained and DMS sent him a final response. DMS said that to be able to deal with the account as fraud it needed evidence of Mr L's residence in February 2018 when the account was opened. DMS also said it would need a crime reference number as well as evidence from the court the matter was deemed fraud.

An investigator at this service upheld Mr L's complaint. They didn't agree that DMS had harassed Mr L but thought it should've done more to raise the issue of fraud with either the previous owner of the debt (M), or the original lender (N). The investigator asked DMS to pay £200 for the distress and inconvenience caused. DMS didn't agree and said it had taken appropriate action following Mr L's claim the account was fraudulently opened in his name. As DMS asked to appeal, Mr L's 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.

I understand Mr L felt the level and nature of contact from DMS was harassing. But I think it's fair to say that DMS purchased the account from M in good faith and that, from its perspective, there is an outstanding balance that remains due. Before Mr L spoke with it at the beginning of 2022, DMS was unaware of his claim the account was opened fraudulently. So I'm satisfied if had a legitimate reason to try and speak with Mr L.

I've also looked at the level and nature of DMS's correspondence and contact with Mr L. I'm sorry to disappoint Mr L but I haven't found evidence that supports the view DMS harassed him. And I think it's reasonable to note collections activity was placed on hold once Mr L disputed the debt.

DMS says it's followed the regulations that require it to investigate the dispute by placing collections activity on hold and asking Mr L to provide documents and a crime reference number. But the investigator thought DMS should've done more to try and get to the bottom of things. I agree with the investigator. Whilst I'm pleased DMS placed the account on hold,

it's essentially put the matter back into Mr L's hands at this point. I see no reason why DMS couldn't have contacted M to find out whether it or N had taken court action against Mr L, or what the outcome was. And I see no reason why DMS couldn't have approached N directly to raise the issue of whether the account in question was opened fraudulently. In my view, these steps could've done significantly more to help move matters along.

Our investigator asked DMS to pay Mr L £200 for the distress and inconvenience caused. They also asked DMS to contact N and raised the circumstances of the account opening with it on Mr L's behalf. I've considered the level of trouble and upset caused to Mr L and I'm satisfied that £200 fairly reflects the impact of the issues raised. I also think DMS should contact N on Mr L's behalf and raise a fraud case. So I'm going to proceed and uphold Mr L's complaint on that basis.

My final decision

My decision is that I uphold Mr L's complaint and direct Debt Managers (Services) Limited to settle as follows:

- Pay Mr L £200 for the distress and inconvenience caused
- Refer Mr L's concerns that the account was fraudulently opened in his name to the original lender

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 21 October 2022.

Marco Manente
Ombudsman