

## **The complaint**

Miss C has complained about the information that Capquest Investments Limited are reporting on her credit file.

## **What happened**

This complaint surrounds a credit card account that was sold to Capquest in 2012. Miss C was in a long-term payment arrangement. She says she should have been defaulted back then, meaning the account would have fallen off her credit file by now.

Our investigator looked into things independently and upheld the complaint. From what they found, it looked like by December 2012 Miss C was in substantial arrears and had broken the payment arrangement. So they recommended that Capquest apply a backdated default.

Capquest didn't agree, so the complaint's been passed to me to decide.

## **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.

Under the relevant guidelines, I would expect a default to have been applied once Miss C was in 3 to 6 months' worth of arrears, and where she'd missed a repayment under her payment arrangement.

Capquest and the original creditor haven't been able to provide the original terms showing what the minimum payment was. But given the usual terms for this sort of account, it's most likely that Miss C's arranged repayments were far less than the minimum, meaning she was going further and further into arrears each month.

Arrangements to pay should be temporary, but Miss C was in a long-term debt management plan, so it would've been relatively clear that this wasn't a temporary situation.

As our investigator found, by December 2012 it's likely that Miss C was in at least 3 months' worth of arrears. And she then missed a payment, breaking the arrangement. Capquest pointed out that Miss C did make this up the next month. But the fact remains that Miss C was still paying less than the minimum for the long term, with significant arrears building up, and with an arrangement that had been broken. So under the relevant guidelines, a default would have been reasonable in December 2012.

Further, Miss C broke the arrangement a second time in July 2014. By that point, she would definitely have had enough arrears that a default would be needed, she had missed another payment under her arrangement, and it would have become undeniable that this was no longer a short-term situation. So a default should have been registered by then at the latest.

As such, I direct Capquest to apply a default, backdated to July 2014. This will mean that the account will no longer be on Miss C's credit file now, as it's been more than 6 years since July 2014.

Like our investigator, I haven't awarded compensation here, as Miss C has had the benefit of not having to deal with a default or its effect on her credit file in the meantime.

### **My final decision**

For the reasons I've explained, I uphold Miss C's complaint, and direct Capquest Investments Limited to apply a backdated default to this account, dated July 2014.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 21 November 2022.

Adam Charles  
**Ombudsman**