

The complaint

Mr E has complained about a default registered by Arrow Global Limited.

What happened

This complaint surrounds a credit card account that was opened in 2012 and was sold to Arrow in 2019. The original creditor and Arrow wrote to Mr E to let him know Arrow now owned the account, and Mr E started paying Arrow instead.

In May 2020, Mr E stopped his payments and disputed the account, saying he didn't owe it. He asked for copies of key documents. In September 2020, Arrow sent him copies of the account's key documents.

In January 2021, Arrow sent Mr E a termination notice. They continued not to receive any payments, so they went on to default the account.

Mr E complained. He said he didn't recognise the debt, and felt that Arrow had refused to prove it. He alternately said that he either didn't get the documents they'd sent, or that he did get them but he felt they weren't good enough. He felt the default was unfair. And he was unhappy that one of his emails in January 2021 hadn't got a response. He had also previously complained about Arrow's use of a debt collection agency, and about what he felt was harassment.

Arrow apologised for overlooking the email and offered Mr E £50 compensation for that. They otherwise felt they'd acted reasonably.

Our investigator looked into things independently. They found that Arrow had broadly acted fairly, except they thought Arrow should have defaulted the account slightly earlier.

Mr E didn't agree. He felt that because Arrow had made two mistakes – registering the default date a bit late and overlooking an email – it meant he should win. He now said he'd never got Arrow's key letters. He said he'd paid off all his debts in an insolvency. He also said he now accepts the debt is his, but wants the default removed.

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.

First, I will note that we cannot consider the content of Mr E's previous, older complaint – about Arrow's use of a debt collection agency, and about the alleged harassment – as he brought this to our service more than six months after the final response to that complaint. And I'm afraid that means we don't have the power to consider those points.

I can see that Mr E raised some questions about how debt purchasers and debt collection agencies work. So in case it's helpful, I will clarify that generally speaking it is normal and allowed for a debt purchaser like Arrow to appoint a debt collection agency like NCO to help manage the debt for them. And it's also normal for the debt collector to refer back to the debt purchaser when a customer asks for key documents. Arrow did not need new or separate notices of assignment in order to appoint debt collectors. A notice of assignment is for when a debt gets sold on, not for when the debt owner employs collection agency to help them.

I will now move on to the complaint points that I can consider.

Regarding the dispute, I can see that Mr E now accepts this was his debt, and I'm glad we could help put that question to rest for him. But I'm afraid I also think Mr E was given enough evidence that this was his debt much earlier on. Back in 2020, Arrow sent him a copy of his electronic credit agreement which matched his details, his transaction history showing his historic spending and how the balance got to where it was, and his notice of assignment where the original creditor confirmed they'd sold Mr E's account to Arrow.

Mr E now says he didn't get these. But earlier in his complaint, he confirmed more than once that he *did* get these documents – he just didn't think they were good enough as he felt they were "vague" and "hastily put together". And I can see from Arrow's records that they were sent to his correct address, even if they weren't sent by recorded delivery (and recorded delivery was not in any sense a requirement). So I think he did get them. And despite Mr E's misgivings, these documents were sufficient to show this was a valid debt. They were what Arrow was required to send to evidence the debt; the references, amounts, and details matched up; and I cannot see anything in the documents which should have reasonably given Mr E the impression that this was anyone else's account rather than his.

Further, this was a credit card which Mr E had used for quite a lot of spending over a number of years, which he'd then arranged a repayment plan for, and which he'd been making regular payments to for a very long time. And following the original notice of assignment, where the original lender told him they'd sold the debt to Arrow, he then started paying Arrow instead of the original lender, making payments until May 2020. So it looks like Mr E would have been aware that this was a genuine account of his, and it looks like he'd accepted it was his as he was paying it off for a long time.

Lastly, while I can see that Mr E did indeed go through an insolvency, that insolvency ended long before he first took out this credit card. This credit card was not included in that insolvency and was not written off. The debt remains outstanding.

So I am satisfied that this was a genuine debt of Mr E's. And I think Mr E was sufficiently aware that this was a genuine debt of his by September 2020 at the latest, when he was provided with the key documents, which he previously confirmed he received.

Mr E had broken his payment arrangement, and was continuing to withhold payments. This gave Arrow more than sufficient grounds to default him. Arrow sent him the appropriate notice, which again I'm satisfied they sent to the correct address, and again for which recorded delivery was not a requirement. Mr E continued not to make payment, so Arrow defaulted him. While I appreciate that Mr E is most unhappy with the default, I find that default to be fair.

Indeed, like our investigator, I think Arrow could – and arguably should – have defaulted Mr E even earlier. Due to his reduced payment arrangement, he was in very substantial arrears compared to his contractual minimum payments. And he broke his payment arrangement in May 2020. So really, he should ideally have been defaulted by September 2020, by which point he was three months behind on his reduced payment arrangement. It follows that I think Arrow should backdate the default to then. This may make things look a bit better for Mr E, as the default will be older and will not stay on his credit file for as long.

The only other thing I can see Arrow got wrong is forgetting to reply to an email in January 2021. But I don't find that this was particularly significant. From what I can see, Mr E was asking about enforcement action. This was not relevant, as enforcement action could only be taken if Arrow had taken him to court, which they hadn't. Mr E also asked Arrow to provide further documents, which they didn't need to do as they'd already provided the required documents in September 2020. An earlier reply to this email does not seem likely to have made a significant difference to what happened. And indeed, per the above, had things gone as they should have, Arrow would have already defaulted Mr E back in September 2020 – rendering any emails after that even less relevant to the default.

Arrow have apologised for overlooking that email and offered Mr E £50 compensation. I think that is sufficient to put that right.

So as Mr E pointed out, Arrow did indeed make a couple of mistakes. But I'm afraid that does not mean that the default should be removed. The default is fair, as Mr E had not been making the payments he needed to – the default should just have been registered a bit earlier, which can simply be adjusted now. And the overlooked email would not have had a significant impact on the default, so the apology and compensation are enough to put that right. It's worth bearing in mind that we're here to resolve complaints informally – we're not here to punish businesses or issue fines for making small mistakes. So while I know this will not be the outcome Mr E is hoping for, I don't think any further award is warranted here.

Putting things right

I direct Arrow Global Limited to:

- Backdate the default to September 2020;
- Pay Mr E the £50 compensation they offered, if they've not done so already.

I do not make any further award.

My final decision

For the reasons I've explained, I direct Arrow Global Limited to put things right in the way I set out above.

This final decision marks the end of our service's involvement in the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 14 December 2022.

Adam Charles
Ombudsman