

## **The complaint**

Mr S complains about the default notice recorded on his credit file by Lowell Financial Ltd.

## **What happened**

Mr S had a credit card with a business I'll call V, which closed the account at default in April 2020. In April 2021 Lowell purchased the account from V and went on to record an entry on Mr S' credit file. Lowell reported the account as in default.

Lowell contacted Mr S and he made regular payments towards the outstanding balance. In May 2022 the balance was repaid and Mr S' credit file was updated to note the debt had been settled.

A short while later Mr S found both V and Lowell had recorded defaults about the same debt on his credit file. Mr S complained and said the default had been unfairly duplicated. Mr S also explained he hadn't received a default notice from either V or Lowell.

Lowell didn't agree it was unfairly reporting Mr S' account as in default and said it wasn't responsible for issuing the default notice. Lowell didn't offer to remove the default or uphold Mr S' complaint.

An investigator at this service looked at Mr S' complaint. They didn't think Lowell had acted unfairly by recording its own default on Mr S' credit file. The investigator also said Lowell wasn't responsible for sending the default notice.

Mr S asked to appeal and said Lowell had incorrectly told him V had removed its default when the debt was purchased. Mr S said Lowell had given him the wrong information and that he wanted one of the defaults to be removed. As Mr S asked to appeal his 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.

Mr S has forwarded a copy of Lowell's final response and it does say V ceased reporting the default once the debt had been sold. Mr S has pointed out the information provided is incorrect. I agree with Mr S that the claim V would cease reporting the default was wrong. Whilst I agree with Mr S that Lowell made a mistake, I haven't been persuaded that means it's acted unfairly by recording a default on Mr S' credit file.

Once Lowell purchased the debt it noted the account on Mr S' credit file. The entry shows the default date. It also shows Mr S repaid the balance in full and settled the account. Businesses are obliged to report accurate information and I'm satisfied the details Lowell's recorded reflect what's happened with Mr S' debt since it was purchased.

Mr S has told us he didn't receive a default notice. But the account went into default whilst it was still owned by V. It would've been V that was responsible for the default notices being sent. As the account was already in default when Lowell acquired it, there was no requirement on it to issue new default notices to Mr S.

I can see that Lowell's letter to Mr S did say V would remove its entry and accept that was wrong. I'd like to explain that we don't fine or punish businesses for making an error. We try and put the customer back into the correct position, had no error been made. Mr S has asked for the default record to be removed from his credit file on the basis Lowell's mistake. But if no error had been made, Lowell would've referred Mr S back to V for guidance on whether the original default would be removed or not. So whilst I agree Lowell did give the wrong answer, I haven't found grounds to tell it to remove its default.

I'm sorry to disappoint Mr S as I understand he feels it's unfair to have two defaults relating to the same debt. But I'm satisfied Lowell's recorded accurate information about its debt with Mr S on his credit file. I haven't found grounds to tell Lowell to remove its entry or take further action.

### **My final decision**

My decision is that I don't uphold Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 January 2023.

Marco Manente  
**Ombudsman**