

The complaint

Mrs W had a credit facility with Gain Credit LLC, trading as Drafty. Mrs W says she paid it off late September 2020. Drafty says she still owes it money. The complaint by Mrs W relates to poor management of the account including her credit file records.

What happened

Mrs W took a credit facility with Drafty in June 2018. The limit was for £2,550. This was not a loan. It provided Mrs W with a facility she could draw on up to the agreed limit. Various clauses in the agreement stipulated the way it was to be paid back.

In December 2018 Mrs W missed a minimum repayment and the account was suspended in January 2019. During 2019 Drafty issued two Notices of Default (28 January 2019 and in December 2019). It issued to Mrs W two Notices of Termination – 19 February 2019 and 16 January 2020. In February 2020, the debt was passed to Drafty's agent – a third party debt collector.

Mrs W has said that in late September 2020, the debt collector offered her a £2 deal to settle the overall debt of over £3,000. Mrs W says she paid that £2 and then her on-line account with the debt collector showed the account as closed. Mrs W has sent us screenshots of parts of her on-line account with the debt collector to demonstrate various points but many of the screenshots are undated. Later Mrs W has sent us copy screenshots which included dates from her telephone which she explains were the dates she took the screenshots. I come back to all this detail later in the main part of the decision.

Drafty has said that the debt was passed back to it from the debt collector, unpaid, on 30 September 2020, the balance being the amount owing less the £2 paid on the 29 September 2020.

After Mrs W had complained in September 2021, Drafty issued its final response letter (FRL) to Mrs W dated 9 November 2021, and this was followed by another email dated 15 November 2021 after it had made enquiries with the debt collector. That debt collector had checked with its IT department and said, *'it was a technical issue'*.

Drafty, in the follow-up email to Mrs W on 15 November 2021, added to this explanation of it being a *'technical glitch ...and the settlement offer for 2 GBP was not offered'*. This is the position Drafty has held since then until our adjudicator's view.

In the FRL Mrs W was asked by Drafty to send to it the debt collector's closure of account letter. No copy of that letter has been provided by either Mrs W, Drafty or the debt collector. Mrs W referred her complaint to the Financial Ombudsman Service on 27 November 2021. One of our adjudicators considered the complaint and reviewed a great deal of information and detail and screenshots (many of which were undated) and came to some conclusions which she set out in her view letters (more than one) in February, March, and April 2023. I summarise those conclusions here:

That there were two communications to Mrs W in late September 2020 from the debt

collector – one offering her a reduced settlement offer of £2,171.87 and the other of £2. Our adjudicator said the one for £2,171.87 was likely made, but could not be sure, on 28 September 2020 and that it was very likely the £2 offer was made on 29 September 2020 as Mrs W made a payment of £2 on that day.

- Our adjudicator did not think a reasonable person would believe that a business would be willing to settle such a significant debt with such a small settlement amount of £2. This in effect equated to the debt collector writing off almost 100% of Mrs W's outstanding debt.
- Our adjudicator did not think that Mrs W's credit file ought to be altered. It showed that there were arrears and then that it was in Default status from October 2020 which our adjudicator thought was right.
- Our adjudicator acknowledged that Drafty had already offered to reduce Mrs W's current outstanding balance by 10% and she endorsed that approach from Drafty.
- Our adjudicator thought that Drafty had not managed the debt well as it had not contacted Mrs W soon enough to settle matters and the debt situation had unnecessarily been prolonged.
- The debt collector was acting as Drafty's agent and it had caused distress and inconvenience with its technical error of a £2 settlement .
- And the distress and inconvenience afforded to Mrs W for that and for poor complaint handling by Drafty led our adjudicator to make a compensation award of £250.

After this view had been sent to both parties, Drafty agreed to reduce Mrs W's debt by 10% and to pay the £250 compensation for the distress and inconvenience.

Mrs W was not content and sent additional information to underline her views on the whole incident. Mrs W sent a more detailed screenshot which included the telephone 'info' which date stamped it as 29 September 2020 at 21:40. In that screenshot the debt collector's on-line account message said that Mrs W's balance for account ending *3547 was £3,102.67 that it was 'closed' and that the 'discount to close the account today' was £2.00.

Mrs W sent a further screenshot including the additional information which was 'amount owed £0.00' and that the status of the account was 'closed' and the special discount for the account ending *3547 was £2,171.87. That was date stamped as 30 September 2020 at 17:23.

Mrs W checked her debt collector on-line account again on 1 October 2020 and the screenshot she has sent us, together with the additional information part, shows that the account was closed and the amount owed was £0.

The account was sent back to Drafty and then referred to the debt collector again with a different debt collector's account reference – this time *1455. It contacted Mrs W about this debt and she started paying £1 a month from May 2021. Mrs W says that she had not appreciated this was Drafty or that it was the account she had considered closed in 2020. Mrs W says she wants the period that she thought the account was closed amended from 'default' to 'arrangement to pay'.

'it should be unacceptable to be contacted after 21 months to chase a debt I believe shows evidence of being settled, I see it as reasonable and fair that my debt is

cleared off and my credit file showing the same and an amount of compensation that truly reflects the damage and stress caused.'

Mrs W maintained her view that the £2 payment was to settle the debt. Mrs W also added that the £2 settlement figure on a £3,100 debt was one she (Mrs W) could believe in due to her experience as a bankrupt in 2014. Her point was that a lot of her debt was reduced by about 90% and so this £2 settlement offer was believable.

The follow up view from our adjudicator tried to clarify some points and reviewed some of the points made by Mrs W. Our adjudicator said:

- The £250 compensation payment ought to be paid directly to Mrs W and not taken off any balance
- The recent reduced debt collector offer has been put to Drafty to check with the debt collector
- Our adjudicator said that the bankruptcy reduced debts would have been because of the defined bankruptcy process. And she did not agree with Mrs W that the large reduction in the debt balance was feasible and not unusual. The Drafty situation was where it had been the offer of a settlement figure in a situation outside of bankruptcy in circumstances when Mrs W owed the full balance.
- Our adjudicator still does not think Drafty should mark Mrs W's credit facility as '*settled/closed*' on her credit file and it was reasonable for Drafty to have started reporting Mrs W's credit facility as having defaulted from September 2020.

And since then, Mrs W has said –

'I don't think the 12 months or so of missed payments should show (the time period from when I thought had been repaid to finding out it was not).'

The unresolved complaint was passed to me to decide. And after spending a significant amount of time on the complaint and all the details, on 5 May 2023 I issued a provisional decision.

I have set out here a duplicated provisional decision and all my provisional findings. It is in smaller type to differentiate it from this – my final decision.

The provisional decision dated 5 May 2023

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The heart of the complaint is that Mrs W says she responded to an offer in late September 2020 from the debt collector of the creditor she knew she owed money to. It was for £2 to clear £3,102.67.

She considered the matter closed after that. Mrs W says that she heard nothing from Drafty or the debt collector for a long time and now is being told that she still owes Drafty money.

Drafty says that having asked the debt collector to look into it in 2022, it came back to explain that the £2 was never intended and it was a technical glitch. So, the settlement was never made. Drafty also says that the debt of £3,100.67 was the balance returned to it on 30 September 2020. And the default after that was correctly applied.

I must start with an observation that this certainly is a mess and I think that the debt

collector's 'glitch' on or around 29 September 2020 has caused trouble to Mrs W. I also say that the explanation we have received from Drafty and from the debt collector on the glitch which was the root cause to all of this for Mrs W has been poor. But I have thought about it and there is little point in delving into the deep technical reasons as to why that may have happened. I doubt even the debt collector knows.

So, my focus has been on the presentation of the offer to Mrs W and whether that did form a settlement agreement such that Mrs W could satisfactorily pay £2 to settle the debt. And having considered the facts as presented to me plus the law on contract I think that it does not.

Records Drafty has sent shows that Mrs W paid £10 a month from March 2019 to 29 January 2020. Then Mrs W paid £2 to the debt collector on 14 February 2020, followed by regular payments of £9.99 until 19 September 2020. Then on 30 September 2020 the £2 payment shows on the records which Mrs W maintains was to settle and close the account. Then there were no payments until May 2021 and after that £1 a month from 15 May 2021 to at least January 2022. The records I have stop here.

It's significant that the debt balance when returned to Drafty on 30 September 2020 was £2 down from £3,102.67 Mrs W has shown us on screenshots with the debt collector account on 29 September 2020, to £3,100.67. I say this because the £2 Mrs W paid on 29 September 2020 simply reduced the balance by £2 and was never treated as a 'settlement' figure to pay it all off. So, had Mrs W checked about the status of the debt on or soon after 29 or 30 September 2020 then I think that the information she would have been given would have been that the £2 was simply a one-off payment.

Whatever the reasons for the glitch I do think it was a mistake and I accept that the debt collector was not likely to have offered such a low settlement figure. Especially when both parties are offering evidence of the fact that another figure - £2,171 – was also offered within hours of that £2 one. I appreciate it is not entirely clear which came first or which Mrs W saw first, but they were close in time.

And as cogent as Mrs W considers the evidence to be that the debt collector's on-line account showed nothing to pay and that account was closed I'm not persuaded that was enough. Mrs W ought also to have checked with Drafty. Further, the closure letter from the debt collector which Drafty has asked for has never been provided by Mrs W. That's significant.

Drafty obviously does not have a copy of any closure letter, and neither will the debt collector as it referred the debt back to Drafty on 30 September 2020. So, it's not likely to have any sort of closure letter.

I've created a detailed chronology to assist me in coming to my views on this complaint and by doing that I have noted several inconsistencies with what Mrs W has told us which, added together, all lead me to think that Mrs W has been mistaken. There was no settlement.

The copy screenshots from all the parties are not complete with dates and the more recent ones from Mrs W do show the telephone 'info' screen which tells me when the screenshots were taken. So, this assists to an extent but not entirely. They do not tell me when these were sent to Mrs W.

Drafty has told us that having checked with the debt collector, it said that the first offer of £2,271 was made on 28 September 2020 and Mrs W did not react to that offer.

Mrs W says that she got the £2 offer first and then got a 'account closed' message plus the £2,271 offer afterwards.

If Mrs W did react to the £2 offer knowing that the earlier one had been made, coupled with the exceptionally large drop from £3,102 to £2 then in that situation, I think that a reasonable person in Mrs W's position would not consider that a firm discounted offer.

And if it was the other way around, Mrs W reacted to the £2 offer, paid it and then saw the larger offer later (even though it may have also indicated it was a closed account) then still enquiries ought to have been made to check. So whatever order the offers may have been received in, I do think there was enough doubt presented for Mrs W to have taken further steps to verify what was happening – and to check, which offer was valid.

Mrs W's contention that the £2, after she'd paid it, sorted out the debt and that it had been paid off, and therefore Drafty should honour it, is too simplistic an approach. And I say this because the debt was so large for it to have been an unrealistic offer and I think Mrs W likely knew that. And she'd been paying the debt down for a few months leading up to this series of events at the end of September 2020 and so the 'offer' rather came to her unexpectedly when the repayment plan she was on at the time was proceeding uneventfully.

And even if that reasonable person in Mrs W's position did view the £2 as a firm offer on a £3,102 debt, I'd expect them to then make proper enquiries with all the avenues open to them to check that the matter was closed, before assuming it was closed. I don't think Mrs W did that.

Here, Mrs W has said she checked her debt collector's on-line account the following day to see that it had been closed. And from cross-referencing matters and records supplied by Drafty it's likely that debt collector's account was closed as the debt was passed back to Drafty. And the balance was £3,100.67 - £2 less. Plus, there are records that Mrs W paid £2 on 29 September 2020. So, I think it's very feasible that on 1 October 2020 when Mrs W said she checked her debt collector account then it may well have shown as closed as it had passed the debt back to Drafty.

And so, I am not persuaded that the original Drafty account debt was all done and paid for and the account settled. And I don't think that Mrs W did either.

After September 2020 when Mrs W says that she thought it had all been settled, then no payments were made at all for eight months until Mrs W re-started making payments for a debt from that same debt collector with a different account reference number. This was in May 2021. I have looked in detail at these dates and noted the correspondence, texts, reference numbers and screenshots to piece it all together.

Having reviewed it all I have seen an email from Drafty to Mrs W dated 10 May 2021 saying that it had tried to collect the debt from her '*lots of times*' and the balance was £3,100.67, and that in four days' time it would be assigning the loan to its third party debt collector (the same debt collector as before).

The debt collector has confirmed that it did get that newly assigned debt from Drafty on 14 May 2021.

And I know that Mrs W saw that 10 May 2021 email as later in the year she used it to start her complaint process – she forwarded it back to Drafty in the autumn of 2021 and said:

'I paid this off in 2020 via [debt collector]'.

So, I am fairly confident that Mrs W was aware that this email correspondence was the same debt as before when she received it in May 2021.

And I think it's unlikely she would have simply started paying £1 a month immediately to the debt collector without some conversations/correspondence having taken place. I think she must have been in touch with the debt collector to agree to pay £1 a month from May 2021.

And I say this as my experience about these matters suggests that a £1 a month repayment plan for a £3,100 debt must have been discussed and agreed. It's not a sum that would likely have been accepted by the debt collector without some additional information about Mrs W's financial situation to justify such a low payment plan.

And if I am wrong on that (and I don't think I am) and Mrs W started to pay that same debt collector £1 a month from May 2021 thinking it was for some other debt, she has not explained what other debt it may have related to. Mrs W has simply tried to say she did not think it was the old £3,100 Drafty debt. The evidence suggests otherwise.

Mrs W has tried to support her contention by sending us screenshots between her and the debt collector starting 14 May (no year included) and with a new reference number between the debt collector and Mrs W offering discounts again. Mrs W had sent a failed text back to the debt collector in July (and it failed likely because it was a 'no reply' number) to say that no discount was showing.

Mrs W maintains that this series of screenshots may have been in the lead up to the September 2020 IT glitch offer. Mrs W has said –

'I only have this series of texts from [debt collector] which say they are offering me a substantial discount, when I checked there was nothing showing, I text back which didn't get sent (as per screenshot), then they sent again which I didn't look at for a few weeks which when I logged in was the £2, I never received directly the other offer of circa £2171.'

But piecing information together I consider that these texts were in 2021. The first one links with the date that the debt was reassigned back to the debt collector on 14 May 2021. And this is substantiated by the email sent to Mrs W from Drafty on 10 May 2021 saying that in four days' time the debt would be assigned to the debt collector.

And I am aware that by cross referencing the amount the debt collector was chasing Mrs W for by text (£3,100.67) and the reference number for that account (*1455) then the texts offering the 'substantial discount' were in July and August 2021 and not in the months leading up to September 2020. Mrs W was mistaken and I do not accept her submission on this point.

After this the complaint process was commenced with Drafty, on 4 October 2021, the debt collector emailed Drafty to say that the account referred to it on 14 May 2021 remained open and that Mrs W had paid £5 and so the new balance was £3,095.67. This balance was used by Drafty in its FRL to Mrs W dated 9 November 2021.

Mrs W referred it to the Financial Ombudsman Service on 26 November 2021.

And it has led to the complaint being on my desk in April and May 2023.

After the view from our adjudicator, Mrs W responded with these statements (set out below) and from the evidence I have seen I think Mrs W is mistaken in relation to the dates and the non-contact.

'As you can see as evidenced above from Oct20 to July22 for a period of 21 months [debt collector] took no payments on the account after THEY cancelled the recurring debit card authorisation

... I had no contact from [debt collector] or drafty [sic] for nearly 2 years which led me to believe that it was reasonable that the account was now cleared.

...[debt collector] only ever communicated with me by text and from September 2020 until around May 2022 I had no messages, I again assume it had been paid off.'

I am fairly confident that the period of silence from Drafty and from the debt collector was between 1 October 2020 and 10 May 2021. That finding is based on current evidence. And if Drafty has information to show otherwise I'll be content to receive it.

Bankruptcy point

Mrs W has said that her own experience of large debt sums being written off by creditors led her to consider this £2 offer from the debt collector in September 2020 as being credible. She has told us:

'Having declared [sic] bankrupt in 2015 it is reasonable for me to believe that a debt can be written off for a nominal payment.'

My view on this is much the same as our adjudicator's. The bankruptcy write-offs would have been part of a formal procedure through a Court order and where the creditors would have been left with no choice. Here Mrs W had been paying the debt collector for the debt for some time, the payment plan was being adhered to and there was no suggestion of a bankruptcy situation.

I do not accept Mrs W's submissions on this point.

Credit file points

Mrs W has said this:

'My Credit file was updated that this was closed, now as my credit file has since been changed by Drafty/[debt collector] I can't prove this, the moment they updated my credit file it changed to showing as a balance again. for the next 6 months following settlement and closure my [debt collector]/Drafty account remained settled and closed on my credit file.'

Mrs W has said that her credit file showed a nil balance and it was 'settled'. I've not seen a copy of Mrs W's full credit file and so I do not know if it did show a nil balance in October 2020 or September 2020. The screenshots she's sent to us do show that in October 2020 the account was reported as in default. And that is not the same as 'settled'. And I think it's likely that Mrs W would have seen that.

Mrs W is asking that for the period she thought the account was closed then she'd like the credit file reporting to be altered. But I do not consider that this is justified. The account was in Default status, the debt remained due and Mrs W was making no payments towards it.

I plan to make no direction about Mrs W's credit file.

Elements which I do think Drafty got wrong

On current evidence I have nothing to demonstrate to me that between 30 September 2020 and its email to Mrs W dated 10 May 2021 that it made any contact with Mrs W. So that does seem poor.

Drafty asked the debt collector to investigate the £2 off and was told it was an IT glitch. But then when explaining this to Mrs W it added in a line to suggest that the IT glitch meant that the £2 offer was never made. I do not consider that to have been helpful and our adjudicator pointed this out to Drafty as being unhelpful and she thought that it prolonged the complaint investigation on one level. Drafty has not replied on that point as it has accepted our adjudicator's view.

And on current evidence I do think that our adjudicator's basis for the £250 compensation was correct – that it left the debt 'hanging' and unresolved for too long after it had been referred to it in September 2020. And the additional denial about the £2 offer having never been made was not helpful.

So, the money award of £250 was appropriate and in any event, as Drafty has accepted it I do not plan to interfere with that money award.

Current settlement offers

In the past, Drafty has offered a 10% discount on the current balance. This was put forward in November 2021 and worked out to be £2,286.10 for Mrs W to settle the complaint. But then in December 2021 it wrote to Mrs W asking for the full amount of £3,094.67.

After our adjudicator's view was sent, Drafty made a fresh offer on 9 March 2023 of a 10% reduction on the outstanding balance of £3,080.17 which reduced it to £2,772.15.

Mrs W has said that the debt collector has offered her a reduced final balance to pay off and settle the account. That was for £2,154 (26 March 2023). Mrs W has sent a screenshot.

Drafty has now confirmed that the offer from the debt collector to Mrs W has been made. She is to have a reduced settlement figure to pay of £2,154.71. We checked this with Drafty and recently it has replied to confirm it.

Drafty has said:

'We've received the confirmation from [debt collector] that they have offered a reduced settlement figure of £2,154.71 to [Mrs W] and she has to pay this amount in one time installment [sic].

As [debt collector] is acting on our behalf, we're going to honor [sic] this offer and [Mrs W] can make this payment directly to [debt collector].'

Now that I know the figure of £2,154.71 is the reduced settlement figure, which I understand as being the final figure to settle the debt, then this is a solid basis to take the matter forward and finalise this debt issue.

However, I have thought about the insistence that it is paid in one instalment. Mrs W may not be able to. I have no details about Mrs W's current financial position. And considering this matter has been going on since a 'glitch' in September 2020, which Drafty's agent, the debt collector, has accepted was its mistake, then as the complaint is on my desk I am qualifying that payment method.

All parties need resolution of this complaint as some parties are out of pocket and Mrs W needs to know where she stands. The complaint has been ongoing for some time and so I plan to make a provisional decision, with a reply deadline of two weeks – 19 May 2023 - in order to draw it to a close. Ideally all parties will answer more quickly than that.

I cannot make any directions which involves the debt collector itself as it is not a respondent to the complaint. But as I know, and confirmed by Drafty, that the debt collector is acting as its agent then the resolution is directed at Drafty and it will have to make any arrangements it must with its own debt collector as to how to manage it.

I have thought about this and I plan to fix the final figure to settle this debt. It will be fixed at £2,154.71, to be paid within 28 days of the date Mrs W accepts the final decision on this complaint, if Mrs W does decide to accept that final decision.

That date may be six weeks from now, depending on what and when Mrs W decides. And that is because I am fixing the reply date for this provisional decision as 19 May 2023, then officially Mrs W has four weeks to accept or not accept the final determination. No further interest or charges are to be added during that time.

In view of the age of this complaint and in the interests of both parties to gain resolution, I indicate now that I doubt I will be persuaded to allow any additional time for this to be considered further. I invite the parties to be prompt in their replies.

If Mrs W is not able to make that payment in 28 days from that date of acceptance of the final decision – if it is accepted - then Mrs W is to provide to Drafty full income and expenditure details for Drafty to determine a satisfactory repayment plan.

Overall finding

I plan to uphold the complaint in part.

Drafty should do the following to resolve this complaint and allow Mrs W to move forward:

- pay £250 to Mrs W directly, if it's not already done so and
- accept from Mrs W the reduced balance to pay of £2,154.71 to settle the debt and close the account, payable within 28 days of the date on which Mrs W accepts the final decision resolving the complaint if she does so accept. Failing which Mrs W is to provide to Drafty full income and expenditure details to determine a satisfactory repayment plan.
- Mrs W's credit file will remain as it is and any future reporting to that credit file will be done in the usual way by Drafty (or its agent) to accurately reflect the status of the loan.

This is the end of the duplicated provisional 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.

Both parties have responded and so I have considered what both have said.

Mrs W has not agreed with my decision and has said (original emphasis retained):

'I am not accepting the decision from the ombudsman in its current form. I have outlined my reasons in this attached document and to be clear the following is the minimum I would accept as a resolution. If Drafty/[debt collector] are not held responsible for their own technical errors and lack of treating customers fairly, then I will have to reject the final response and seek resolution through the courts.'

1. £250 paid to me directly.
2. Balance of my Drafty account to be **significantly** reduced so I can be done with it, I leave it to you to decide what qualifies as significant.
3. My Credit file amending showing no adverse information from Drafty from September 2020.

I will then arrange to repay directly with Drafty / [debt collector].'

Mrs W has sent to me many submissions, a video, several other ombudsman decisions and a sixteen page document to answer my provisional decision findings. I have considered them all.

Drafty has agreed to the £250 and that it be paid to Mrs W directly. If she accepts this decision then details of how that is to be done can be sent to her by our adjudicator.

Drafty has also said it honours the debt collector's offer and accepts the reduced settlement figure of £2,154.71. Drafty accepts that Mrs W can pay this balance within the 28 days of 'offer acceptance'. I need to ensure the wording is accurate. Drafty needs to note that my decision is that Mrs W is to pay Drafty within 28 days of the date on which Mrs W accepts

the final decision resolving the complaint if she does so accept.

Drafty agrees that the credit reporting of this debt will be carried out as usual.

My responses to Mrs W's points.

My provisional decision was comprehensive. I repeat all those findings here.

The heart of the complaint is that Mrs W says she responded to an offer in late September 2020 from the debt collector of the creditor she knew she owed money to. It was for £2 to clear £3,102.67.

The core of my decision is that Mrs W knew, or ought to have known, that the £2 offer for a £3,102 debt was not likely to have been a serious offer. And that having 'accepted' what she thought was an offer to settle the debt I would have expected her to then make proper enquiries with all the avenues open to her to check that the matter was closed, before assuming it was closed. I don't think Mrs W did that.

Mrs W has accepted that she never received a closure letter from the debt collector. And we know she never received one from Drafty as it has never considered the account closed.

Mrs W has mentioned the basic law of contract relating to offer and acceptance. And its more complicated where the offer was not made with any intention to create legal relations. And/or where, as I do think, that one party may have been aware that the £2 offer was not likely to have been a serious offer but took advantage of it anyway.

Mrs W's explanation that she continued to check the debt-collector's on-line account and it said closed is not a good enough level of verification and checking in my view. Her debt was with Drafty. She would have had easy access to contact either the debt collector or Drafty directly. And her credit file would have shown the default position soon after that September 2020 payment which likely would have - or ought to have - been another alert to her.

I have already said that I do not accept Mrs W's contention that the apparent offer to settle the debt at a greatly reduced amount (£2 for a debt of £3,102) was one she considered to have been a feasible one.

Mrs W relied on her experience as a bankrupt and that she had known in the past of creditors reducing her debts to very small sums. But this was not the situation here with Drafty. Mrs W knew she owed that money, she was paying £9.99 regularly up to mid-September 2020.

Drafty has told us that having checked with the debt collector, it said that the first offer of £2,271 was made on 28 September 2020 and Mrs W did not react to that offer.

Mrs W says that she got the £2 offer first and then got a 'account closed' message plus the £2,271 offer afterwards.

If Mrs W did react to the £2 offer knowing that the earlier one had been made, coupled with the exceptionally large drop from £3,102 to £2 then in that situation, I think that a reasonable person in Mrs W's position would not consider that a firm discounted offer. And if it was the other way around, Mrs W reacted to the £2 offer, paid it, and then saw the larger offer later (even though it may have also indicated it was a closed account) then still enquiries ought to have been made to check.

It's highly likely that two offers were made within a short space of time through the debt collector's on-line account – one for £2 and another for a much larger sum.

I outlined in my provisional decision that although we do not strictly know which was sent first and/or which Mrs W saw first, seeing one and the other in whichever order they were made/seen likely would have alerted her to the fact that something was wrong. And it's been explained to us that something was wrong. That £2 'offer' was never meant to have been sent. And I accept Drafty's explanation and one of the reasons for my being persuaded it likely was a mistake was precisely because it was such a large drop from £3,102 to £2.

The £3,100.67 debt (less the £2 paid by Mrs W on 29 September 2020) was passed back to Drafty from the debt collector on 30 September 2020, not because it had settled, as Mrs W suggests. Before I issued my provisional decision, Drafty had told me this:

'The account was returned to us on 30th September 2020 due to the collection process expiring.'

And if Mrs W disagrees with me on this outcome resolution for this complaint then she has the option to not accept this decision and then pursue her claim in another forum such as a Court. That is a matter for her.

Each case is considered on its own facts and circumstances. The decisions by fellow ombudsmen sent to me by Mrs W (which includes one of my own past decisions) demonstrate that I can direct that credit files are amended. I know that I can. But my decision on this point for Mrs W's complaint remains the same. If Mrs W accepts this decision and the complaint is resolved, Mrs W's credit file will remain as it is and any future reporting to that credit file will be done in the usual way by Drafty (or its agent) to accurately reflect the status of the loan.

Mrs W's video has demonstrated to me that you can set up a £1 a month repayment plan with this debt collector without entering negotiations. So, I stand corrected on that. But Mrs W has not explained to me which other debt she thought she was paying down when the debt collector approached her again in May 2021. Mrs W's explanation was that it was a kind of stop-gap move to protect her credit file status until she could look up what it was. I'm not persuaded by this explanation.

Mrs W has suggested that I am questioning her intelligence. I can assure her I am not. Mrs W has had a great deal of time and opportunity to send to the Financial Ombudsman all and everything she wanted us to see to support her complaint. So, when it's on my desk then I use the information I have. And the reason I issued Mrs W and Drafty a provisional decision was so that both parties had time to reply.

Mrs W has reiterated all her earlier points, but not sent to us anything new. I have considered them all and reconsidered the complaint and my final decision is that I uphold Mrs W's complaint in part.

Putting things right

Drafty should do the following to resolve this complaint and allow Mrs W to move forward:

- pay £250 to Mrs W directly, if it's not already done so and
- accept from Mrs W the reduced balance to pay of £2,154.71 to settle the debt and close the account, payable within 28 days of the date on which Mrs W accepts the final decision resolving the complaint if she does so accept.

Failing which Mrs W is to provide to Drafty full income and expenditure details to determine a satisfactory repayment plan.

- Mrs W's credit file will remain as it is and any future reporting to that credit file will be done in the usual way by Drafty (or its agent) to accurately reflect the status of the loan.

My final decision

My final decision is that I uphold the complaint in part and I direct that Gain Credit LLC, trading as Drafty, does as I have outlined in the 'putting things right' section of this provisional decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 17 June 2023.

Rachael Williams
Ombudsman