

The complaint

Mr P has complained that Lowell Portfolio I Ltd sent him a letter about an account which had been written off in an earlier insolvency.

What happened

Lowell took ownership of a number of debts from another business, one of which was this credit card account of Mr P's. They sent Mr P a letter introducing themselves as the new owner and setting out how they could help him repay the debt. This included a companion letter from the previous owner.

The problem was that this debt had been written off in an insolvency some years prior.

Mr P called Lowell and told them this. Lowell looked into the matter and closed the account. They didn't update Mr P.

Mr P came to our service. Lowell apologised, confirmed the account was closed and Mr P would not be contacted about it again, and offered a total of £150 compensation.

Our investigator looked into things independently and found the offer to be fair. Mr P said it didn't take into account the considerable distress he suffered. 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.

I can completely understand why it would be distressing to receive a letter about repaying a debt which should have been closed in an insolvency years prior.

I should first clarify that in this complaint about Lowell, I can only consider what Lowell are responsible for. So for example, they're not responsible for the original lender's actions in failing to close the debt in the first place and selling it on, or for the original insolvency itself and all the stress it caused, or for the previous owner's customer service issues.

Lowell are responsible for sending a letter, when they should have picked up that this account had been written off in an insolvency. And while I can understand why they might have thought that Mr P wouldn't want to hear from them again, they should have let him know that they'd resolved the matter. It's also possible that Lowell should have treated this as a complaint earlier, though that point is unclear, and as our investigator explained we weren't really set up to deal with complaints about the handling of complaints.

In terms of putting things right, my first concern is that Mr P wasn't caused any financial losses. And I'm glad to see that he wasn't – for example, Lowell didn't take any payments from his bank, and his credit file wasn't affected.

Next, I've thought carefully about Mr P's non-financial losses. He described his distress at being reminded of a dark time and his worry when waiting to hear from Lowell. And I'm grateful to Mr P for being open and candid with us about how this made him feel.

Mr P asked for an apology, and I understand why. The problem is that if I were to tell Lowell to apologise, their apology would seem forced rather than genuine – they'd be saying sorry because I told them to. Further, I can see that Lowell already apologised in their final response and this clearly hasn't repaired their relationship with Mr P. So I don't think another apology is likely to help.

Instead, we often tell businesses to pay compensation, to recognise what they got wrong and the impact it had. In terms of the amounts, Mr P asked us to make an award which educates Lowell about actions having consequences and which doesn't let them off lightly, as he put it. Again, I can see his point of view. But it's worth bearing in mind that we're not the regulator – we're here to resolve disputes informally. So we don't issue fines or punish businesses, and our awards of compensation are there to help put things right rather than to teach harsh lessons.

I really do appreciate that Mr P genuinely felt a good deal of distress and upset about this matter, and I understand his reasons for requesting a higher compensation award. I need to keep in mind that much of Mr P's stress is rooted in the history behind this account, including the nature of going through insolvency, the actions of the original lender, having to raise a similar dispute with the previous owner, and some difficult contact between Mr P and the previous owner. And as I mentioned before, I can't hold Lowell responsible for that history.

Here, Lowell sent a single gently-worded letter in error. Then they sorted out the underlying mistake in a reasonable time, following a single phone call from Mr P. They did not ask for any further effort or involvement on his part. They did fail to update him – and that too was a mistake, even if I can understand why they might've thought he wouldn't want to hear from them again. Though I also need to keep in mind that Mr P could have mitigated his worry by getting in touch with them and asking for an update.

So while I do sympathise with Mr P, and while I understand he found this matter most distressing, I don't think Lowell were solely responsible for all his distress. I find that this was a one-off incident on Lowell's part, which only took a small amount of effort for Mr P to sort out. I find that Lowell caused Mr P some real distress and upset, which added to the upset he'd been caused by other parties previously, which went beyond what one would normally expect in day-to-day life, and which would not be remedied by an apology. Taking everything into account, including our guidelines for compensation, I find that Lowell's offer of £150 total compensation is fair to put things right in this case.

My final decision

For the reasons I've explained, I find that Lowell Portfolio I Ltd have made a fair offer to resolve this complaint. They should pay Mr P the £150 compensation, if they've not done so already. I do not make any further award.

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 P to accept or reject my decision before 10 October 2023.

Adam Charles
Ombudsman