

The complaint

Mr B complains that Credit Resource Solutions Ltd trading as CRS has chased him for debts that were formed part of his bankruptcy order.

What happened

Mr B has explained that he was made bankrupt in 2021 and discharged in 2022. In September 2022 CRS says it was instructed by a business I'll call D to collect an outstanding balance of £228. In April 2023 CRS wrote to Mr B to advise it had been instructed to collect another debt from a business I'll call Z, this time for £90.

Mr B provided third party authority for a family member to act on his behalf. The representative has explained that Mr B is suffering with serious mental health concerns and is vulnerable. So the contact he received from CRS, despite being asked to correspond with his representative, was extremely distressing. Mr B's representative has pointed out that his debts should've been included in the bankruptcy order but CRS was continuing to harass him for payment.

Mr B's representative raised a complaint and CRS has issued two final responses. In the first, CRS apologised for failing to carry out Mr B's instructions to correspond with his representative. CRS added that it had taken the step of returning the debt with Z to the lender. CRS asked Mr B to provide documentation to show his bankruptcy was approved. In the follow up final response, CRS said that it had taken Mr B's circumstances into account and returned the debt with D to the lender. As a result, CRS says no further contact to collect the outstanding balance would be made.

An investigator at this service upheld Mr B's complaint and asked CRS to pay him £100 for the distress and inconvenience caused by the failure to deal with his representative. CRS agreed, but Mr B didn't and asked to appeal. As a result, Mr B's case 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Mr B's representative has explained that he's been through a particularly difficult time in recent years. The representative has explained Mr B's business closed and he was made bankrupt in 2021. Mr B was subsequently discharged the following year. We've been told Mr

B continues to suffer with serious mental health concerns and remains vulnerable. So I can understand why Mr B was so concerned when he was contacted by CRS to say it was seeking to collect two debts in his name.

I've looked at the circumstances surrounding CRS' contact with Mr B. I think it's important to note that CRS wasn't the original lender for either debt and was instructed in its role as debt collector. That means CRS had no knowledge of how the debts came about or Mr B's circumstances before it was instructed. So whilst I understand Mr B was discharged from his bankruptcy at the time he was contacted by CRS, I'm satisfied it was acting in good faith on its instructions from the original lenders.

When someone disputes whether a debt is valid, we'd expect the business seeking to collect to check with the original lender. Here, CRS did that and was able to return the smaller of the two debts to Z. But CRS didn't receive an instruction to return the other debt to D so when it initially responded to Mr B's complaint, it requested evidence that his bankruptcy was approved. After further representations from Mr B's representative, CRS confirmed the account had been returned to D and that no further collections activity would occur. Overall, whilst I can understand how upsetting Mr B found the situation, I'm satisfied CRS followed a reasonable approach in checking with the original lenders and taking his circumstances into account.

CRS accepts it failed to note Mr B's instructions to correspond with his representative. I don't doubt how upsetting Mr B found the contact he received. And I appreciate Mr B's representative informed CRS of his circumstances at an early stage. But I think the investigator's recommendation that CRS pays Mr B £100 for the distress and inconvenience caused recognises his experience and is a fair way to resolve his complaint. I'm sorry to disappoint Mr B but I haven't found grounds to increase the award further. As I'm satisfied the award of £100 for the distress and inconvenience caused to Mr B is a fair way to resolve his case, I'm going to proceed on that basis and uphold this complaint.

My final decision

My decision is that Credit Resource Solutions Ltd trading as CRS should settle by paying Mr B £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 November 2023.

Marco Manente
Ombudsman