

The complaint

Mrs A complains that CREDIT RESOURCE SOLUTIONS LIMITED (CRS) is trying to collect more money from her than she believes to be outstanding.

What happened

Mrs A had a loan with a firm I'll refer to as C for the purposes of this decision. As Mrs A fell behind with her payments C appointed CRS to collect the outstanding balance on their behalf.

Mrs A has a debt management plan (DMP) in place whereby payments are made to C directly for £3.18 per month. Mrs A says she has also made ad-hoc payments directly to C to help reduce the balance she owed to them.

When CRS began collection activity on behalf of C, they told Mrs A the outstanding balance was £244.42, but this didn't match her records. So, on 30 November 2023 she raised a dispute with them that the outstanding balance was incorrect, and explained why she thought this was the case.

CRS asked Mrs A for evidence of the payments. She provided some photos of transactions made through her account to them the following day. CRS said the image quality was poor and so they couldn't accept these as proof payments had been made and asked for full screenshots. Mrs A responded saying she had taken pictures as her bank didn't allow screenshots, and said she would like to complain, and she would no longer make overpayments but would leave the account to be "drip fed" by the DMP.

CRS didn't uphold Mrs A's complaint, they said the evidence she had provided wasn't sufficient to show the balance was incorrect.

Mrs A remained unhappy with this answer and so brought her complaint to our service. Our investigator upheld Mrs A's complaint and recommended CRS paid her £100 in compensation for delaying the process of allowing C to investigate her balance dispute. In summary they said:

There are rules CRS has to follow rules set out by the regulator – the Financial Conduct Authority (FCA) and these rules say that where a balance owed is disputed it is for the business to establish this is correct and not the consumer. So, it wasn't necessary for Mrs A to provide evidence to support the balance was incorrect and CRS should have passed her dispute to C to investigate and confirm the balance owed. By not doing this they caused a delay in Mrs A being able to get an answer to her dispute in a timely fashion.

CRS disagreed, they said they were following the internal process that is set out between them and C. They argued that they had dealt with Mrs A in timely fashion and that C has since looked for the payments but has been unable to trace them – so they would still need the information they had asked for in order to trace any unallocated payments. They said they haven't asked Mrs A to ensure the balance is correct, they are just trying to obtain sufficient details from her to trace the payments.

As no agreement was reached the matter has 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.

Having done so I have reached the same outcome as the investigator here and for broadly the same reasons.

CRS have told our service that they were following the internal process they have in place between them and C. And while I don't have the power to make them change any of their processes I can see if they have treated Mrs A fairly and in line with the rules they are supposed to follow.

As mentioned above CRS have to follow rules set out by the FCA. These rules are known as CONC and can be found on the FCA website. The relevant rule in this case is CONC 7.14.6 which says:

Where a customer disputes a debt and the firm seeking to recover the debt is not the lender or the owner, the firm must:

- (1) pass the information provided by the customer to the lender or the owner; or*
- (2) If the firm has authority from the lender or owner to investigate a dispute, it must notify the lender or owner of the outcome of the investigation.*

Mrs A disputed the amount owed and provided some evidence to CRS to show she had made payments towards the outstanding balance that hadn't been counted. When this happened, CRS needed to do one of the two things listed in the rule above. CRS told us they need information to be able to pass to C – based on that I have taken it that CRS doesn't have the authority to investigate the dispute, and so that means their only option was (1) above. To pass that information provide to C to investigate. I haven't seen any evidence they did this when Mrs A raised the dispute.

In their submission to our service CRS said the poor quality of the images meant they couldn't submit them to C. But I don't agree, while I do think the image quality is not great, I can make out from them the date the payments were made and how much they were for. So, I think CRS should have provided them to C to assess. Furthermore, while I accept the information, they were asking Mrs A for would have been useful, there is no obligation on her to provide any evidence in order to raise a dispute.

I would have more understanding of CRS position here if they had referred the dispute to C and then C asked for further information. In which case I would have expected CRS to have worked with Mrs A to obtain the information in an alternative format – I say this because it's clear from Mrs A's responses to them that she is finding it difficult to obtain screenshots.

In response to the investigator's view CRS said C have been unable to trace the payments, but CRS haven't shown that they have referred this on and that contradicts what they have told us previously and what they have told Mrs A in their final response letter. So, I'm not satisfied that C has had the opportunity to trace and allocate the payments.

Based on this I don't think CRS treated Mrs A fairly when she raised her dispute and have delayed any answer C could have given her by not referring the dispute to them. So, I think they now need to do something to put that right, which I'll explain below.

Putting things right

To put things right for Mrs A CRS need to:

- Refer Mrs A's dispute to C to allow them to conduct a trace for the payments. If C says there need more information CRS should communicate clearly what Mrs A needs to provide – bearing in mind she is unable to provide screenshots – they should think about alternatives she can provide.
- Pay Mrs A £100 for the delay in referring her dispute to C.

My final decision

For the reasons set out above, my final decision is I uphold Mrs A's complaint and require CREDIT RESOURCE SOLUTIONS LIMITED to carry out the actions as set out under the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 14 April 2025.

Amber Mortimer
Ombudsman