

## **The complaint**

Miss C complains NCO Europe Limited are responsible for a default related to her debt that was applied to her credit file.

## **What happened**

Miss C originally had an account with a company I'll refer to as V. Miss C unfortunately got into some difficulties, and she asked a debt charity to support her with her debts – I'll refer to them as S. The debt charity took Miss C's monthly payment for all her creditors and distributed it accordingly to an agreed plan. V sold Miss C's account to a debt purchaser – and ultimately NCO were asked to collect payments on the debt.

A default was applied to Miss C's credit file in June 2023 for the debt. In January 2024 Miss C contacted NCO about this, as she was in the process of applying for a mortgage and said she didn't know anything about the default. She was also unhappy it'd been applied, as she was making payments through S as agreed and hadn't missed any.

NCO said S are making the payments, but sometimes these payments are made by S outside of the billing cycle – meaning the payments are effectively being received late. NCO said they'd told S about this, so Miss C might want to take it up with them. Because of this issue, and some payments not being received, a Notice of Default (NOD) was issued in April 2023. The NOD required a payment to clear the arrears, and as no payment was received, the default was registered as of 12 June 2023. NCO said they didn't do anything wrong, but as Miss C had been making her payments, as a gesture of goodwill they'd asked the debt servicer if the default could be removed.

Unhappy with this Miss C asked us to look into things. She confirmed the default had been removed, but the issue made it very difficult for Miss C when she was looking for a mortgage. She also explained she'd called NCO, who told her to ignore the NOD as it'd been sent in error.

One of our Investigators ultimately decided NCO weren't responsible for the application of the default – the debt purchaser was. But, they found NCO had wrongly told Miss C to ignore the NOD, and awarded £200 compensation for this.

NCO accepted this, but Miss C didn't. She said the compensation didn't reflect the aggravation she'd experienced. She explained because of the issues, she nearly had to find another £5,000-£6,000 for her mortgage deposit – and this nearly resulted in the breakdown of the purchase. She also mentioned she'd been paying £14.99 per month for a long time to have access to her credit file. So, 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 think it's important to explain NCO aren't responsible for registering the default on Miss C's credit file – so, I won't be considering that issue in this decision. I'm aware our Investigator has set up a separate complaint regarding that.

What that leaves for me to consider is the advice Miss C was given to ignore the NOD.

NCO aren't able to provide phone recordings due to the time that's passed. But their contact notes confirm they told Miss C to ignore the NOD as some letters had been sent out in error.

This in itself was an error when they said to ignore the NOD, as actually this was the start of the process to record the default. I don't know for certain if things would have been different if Miss C was given the correct information, but she was certainly denied the opportunity to know what was going to happen because of this advice.

So, I'm satisfied it's appropriate to consider compensation. Our Investigator recommended £200.

In thinking about this, I can't take into account any consequences for the application of the default. If our service decides this was done incorrectly, then we can award what we think is fair and appropriate compensation. This means I can't consider the issues regarding Miss C's mortgage in this complaint, nor the £14.99 Miss C was paying for access to her credit file.

Ultimately then, I'm left with the incorrect advice, and that it meant Miss C didn't know a default was going to be applied. For that, I'm satisfied £200 is fair compensation for the impact caused to Miss C.

### **My final decision**

I uphold this complaint and require NCO Europe Limited to pay Miss C £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 April 2025.

Jon Pearce  
**Ombudsman**