

The complaint

Mr A complains that ACI-UK LIMITED (ACI) are chasing him for a debt they've been unable to evidence legal ownership of. He also complains that ACI registered a default on his credit file in 2022, for a debt that allegedly defaulted in 2018.

What happened

I issued my provisional decision to both parties on 7 March 2025, which set out the background and my provisional findings on this complaint. My provisional decision said:

Mr A entered into a fixed sum loan agreement with a lender (M), in 2018. The amount of credit was £450 and the duration of the agreement was 180 days; with six monthly payments of around £132 and a total amount payable of around £794.

Mr A says he thought the payments were £66 a month over a period of 12 months and this was later doubled unexpectedly. And as he wasn't working at the time, he couldn't afford the loan. He said he made multiple attempts to contact M about the arrears without success.

From the information I have, no payments were made towards the loan and the account was defaulted by M in September 2018, for the sum of £763. Following this, M applied further interest to the owing balance, before terminating the agreement in November 2018 with a closing balance of around £900.

In February 2022, the debt was sold to a debt purchaser (P), who appointed ACI as the administrator of the account. In April 2023, Mr A asked ACI for documentation to evidence he owed the money they were asking him to repay, but he was provided with an agreement belonging to a third party. Mr A says he never received the information he asked for.

ACI said they weren't responsible for his complaint regarding irresponsible lending and M is now in administration, so if he didn't receive contact by the administrators in 2022, no redress was due to him. They said the default had been recorded correctly, and they'd had various discussions with him regarding settlement offers. Because of this, they didn't uphold Mr A's complaint, but agreed to reduce the outstanding balance from £900 to £450, effectively turning the balance into an interest free loan. They also agreed to remove the default from Mr A's credit file as a gesture of goodwill, if he settled the debt in full within 60 days.

Unhappy with ACI's response, Mr A referred his complaint to the Financial Ombudsman Service. In summary he said:

- *M mis-sold a loan to him that was unaffordable.*
- *ACI hadn't provided the information he asked for and harassed him for payment of a debt without proof it was legally owned by P.*
- *ACI had breached data protection laws by sending him an agreement in the name of a third party.*
- *A default has been registered incorrectly and unfairly on his credit file.*

Our Investigator reviewed matters and didn't think Mr A's complaint should be upheld. They said ACI aren't responsible for Mr A's complaint about irresponsible lending and the default had been reported correctly. The Investigator provided Mr A with the original credit agreement and said ACI's offer to deduct the interest to just leave the capital amount borrowed to be repaid was fair.

Mr A didn't accept the Investigator's view. He said a default for £900 had been reported on his credit file since 2018, which is incorrect now ACI had removed the interest to bring the balance down to £450. And the Investigator didn't address his concern about ACI not providing him with the evidence the debt was purchased from M, or that they sent him someone else's agreement.

As no agreement has been reached, the matter has been passed to me to decide.

What I've provisionally 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.

In considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

I'm aware our Investigator said there were elements of this complaint that ACI aren't responsible for. But, in my view by appointing a regulated debt servicer, P passes on responsibility for all actions under Article 60B(2) to ACI. So, I'll be taking the approach that ACI is responsible for the activity of exercising the lender's – in other words the owner of the debt (P) – rights and duties under a regulated credit agreement. So, I'll be considering these elements against ACI.

That being said, Mr A has raised multiple issues – some of which I'm unable to consider here as they relate to activities M are responsible for, as the original lender. A debt purchaser only becomes responsible for some of the actions of the original lender following the sale of a debt. This doesn't include a complaint about the sale of the original agreement. And in the absence of any evidence to suggest otherwise, ACI aren't responsible for investigating the actions of M, that took place prior to P becoming the legal owner of the debt in February 2022. This includes the lending decisions made by M when the loan was taken out, or the manner in which they treated Mr A.

It's unfortunate here that the original lender of the debt Mr A disputes is no longer trading, so he can't refer his complaint about their actions to this service. But this doesn't mean I can hold ACI accountable for the actions of M.

Harassment

Mr A says ACI has been harassing him to pay a debt they can't evidence is legally owned by P. Harassment isn't something I can reach a finding on as it's a criminal offence. So, this is something Mr A would need to pursue via the courts if he wanted a ruling he has been harassed.

However, I can consider if ACI acted fairly and reasonably when contacting him. In this case, ACI were required to be satisfied they had enough information to support the debt was likely to belong to Mr A before contacting him. Based on what both parties have said, I'm satisfied they did have enough information to reasonably believe the debt belonged to Mr A. Mr A has not disputed the debt belongs to him and therefore ACI acted fairly in asking him to repay

the balance. And I don't consider ACI has acted inappropriately when pursuing the debt here in terms of the volume, tone and content of their communication.

Default

When an account is defaulted, this is reported to the Credit Reference Agencies (CRAs) and displayed on a person's credit file for six years from the date of default. If that account is sold on within those six years, then as the debt servicer ACI takes over the reporting of the default. I'm satisfied this is what happened here.

Mr A provided a copy of his credit file showing an entry from P regarding an account opened in June 2018 with a balance of £450 and defaulted in September 2018 for the sum of £763. As six years has now passed, the default should no longer be showing on Mr A's credit file. I'm satisfied prior to this, the entry accurately reflected the activity on Mr A's account with M and was reported correctly in line with the above.

Mr A says there was no separate entry from the original lender because it was removed due to the loan being mis-sold. But I've seen no evidence of it being agreed the loan was mis-sold – or that as a consequence of that the default reported by M should've been removed.

ACI offered to remove the default sooner if Mr A paid £450 within 60 days of the final response letter. Mr A didn't settle the balance within this time, despite this settlement offer being for a lesser amount than he had previously proposed to pay. And as the default was being reported correctly, I wouldn't have asked ACI to remove it.

Request for information

Mr A has requested proof the debt is legally owned by P. It's standard industry practice for consumer's to be notified of the change of legal ownership via a Notice of Assignment (NOA). In this case, I can see a NOA was sent to Mr A in March 2022.

As a debt servicer, ACI is responsible for investigating disputed debt and providing details of the debt to the consumer in a timely manner. So, I've considered if ACI treated Mr A fairly when he asked them for evidence he owed the debt he was being asked to repay.

Mr A asked ACI to send him evidence of the original debt and evidence they'd bought it in April 2023. In these circumstances, I'd expect ACI to put the collection of the debt on hold and obtain and provide the relevant documentation to Mr A. ACI did put collection of the debt on hold here and responded to Mr A's request promptly. However, the documentation provided related to an entirely different agreement in someone else's name.

I've seen no evidence within the contact records of Mr A raising this with ACI at the time. He contacted ACI in August 2023, acknowledging the email from April 2023 with an attached credit agreement, and asking for a breakdown of how the debt accumulated and evidence of assignment from M to P. ACI promptly responded with a copy of the Notice of Assignment, and explained the breakdown of the debt can be found within the credit agreement previously sent - but I've seen no evidence that Mr A was provided with the correct credit agreement.

As I find ACI made an error in sending Mr A someone else's agreement, and didn't send him the correct information within a timely manner, I've thought about if they should do anything to put things right for Mr A.

We're not the regulator, so it's not my role to fine or punish ACI for making a mistake, but instead to consider the impact it caused to Mr A. I've considered that Mr A was without the

information he requested for a significant period. However, I also note he could've notified ACI the agreement attached was the wrong one, so they could correct the issue much sooner. There is no evidence of Mr A chasing this information or anything to suggest not being provided with it caused him notable distress within his communication with ACI. And ultimately, Mr A had acknowledged the debt was his, and been provided with the NOA and a breakdown of the owing balance previously. ACI has also removed all interest and charges from the owing balance, which exceeds any amount I would've awarded in compensation for distress and inconvenience.

So, with the above in mind, I think ACI reducing Mr A's outstanding debt to £450 is a fair and reasonable way of resolving this complaint. I know this will come as a disappointment to Mr A, but I don't think ACI need to do any more.

Responses to my provisional decision

ACI acknowledged my provisional decision and didn't offer any further comments or submissions for my consideration. However, they confirmed Mr A's account is now closed and marked as Statute Barred.

I advised Mr A of this, and he responded to confirm he doesn't accept my provisional decision. In summary he said ACI failed to provide him with evidence of the debt and continued to harass him for payment in the meantime, when he didn't consent for his contact details to be shared with them. He said ACI told him they couldn't remove the default after offering to do this within their final response letter and I've not investigated the reason why they agreed to remove the interest. For these reasons, he believes he should be awarded compensation for ACI's failures.

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 considered Mr A's response, I've reached the same outcome as I set out in my provisional decision. I'll explain why.

I must first reiterate that ACI is not responsible for Mr A's complaint regarding the actions of M, that took place prior to P becoming the legal owner of the debt in February 2022 – including the lending decisions made or advice given when the loan was sold. So, I can't reach a finding on this here. I'm also unable to reach a finding on whether Mr A was harassed – as this is a criminal offence.

Mr A says I haven't investigated the reason why ACI agreed to remove the interest, but I note this was offered to assist Mr A in repaying the amount he borrowed. I'm aware previous offers had been declined, but ultimately, I think ACI's offer to do this in response to Mr A's complaint was fair and reasonable. There is no evidence of ACI doing this as acceptance of the loan being mis-sold by M.

Mr A says he accepted ACI's offer to reduce the balance to £450 and remove the default from his credit file but was then told the default couldn't be removed. I've seen nothing to show Mr A was advised this by ACI. What I have seen is Mr A referred his complaint to this service shortly after ACI made this offer, requesting compensation and immediate removal of the default based on the loan being mis-sold to him. I'd also note ACI only offered to remove the default if Mr A paid £450 to settle the balance within 60 days, which didn't happen. And, as I said within my provisional decision, removing the default isn't something I would've asked ACI to do, as it was being reported correctly.

I recognise Mr A's strength of feeling about ACI's contact with him chasing payment of a debt they hadn't sufficiently satisfied him was owned by P. However, Mr A was provided with a NOA, and I wouldn't expect ACI to do any more than this. I'm satisfied ACI had enough information to be reasonably satisfied the debt belonged to Mr A and therefore acted fairly in asking him to repay the balance, and they did so in a reasonable manner.

As explained in my provisional decision, it's not disputed that ACI didn't provide Mr A with his credit agreement within a timely manner, due to an error resulting in the wrong agreement being sent at the time. However, as this service is not the regulator, I can't fine or punish ACI for the mistake they made. I can only consider the impact the error caused to Mr A.

I accept being provided with someone else's agreement, and not his own, would've been concerning to Mr A. But I maintain there was also opportunity for Mr A to notify ACI of the error, and the concern it had caused, at the time. This would've allowed them to put things right sooner and minimised any ongoing distress being caused to Mr A. With this in mind, any compensation award I may have directed ACI to pay would've been considerably less than the amount ACI had already offered to reduce Mr A's balance by. I therefore don't find it reasonable to ask ACI to do anymore.

I note ACI has now closed Mr A's account and marked the debt as Statute Barred, so Mr A will no longer be chased for payment of the debt.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 April 2025.

Nicola Bastin
Ombudsman