

## **The complaint**

Mr O complains Cabot Credit Management Group Limited trading as Cabot Financial (Europe) Limited won't remove a default from his credit file if he pays off a debt he has with them.

## **What happened**

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

*Mr O took out an account with a catalogue shopping company I'll refer to as S. Unfortunately Mr O became unwell, so was unable to make payments – which led to S recording a default on 26 July 2023.*

*After the default, Mr O's account was sold by S on 31 July 2023 to a debt purchaser (DP) who then asked Cabot to service the debt. When speaking to Cabot, I understand Mr O asked if he paid off the whole debt, would they arrange for the default to be removed – and they said no. Mr O wasn't happy with this, so he complained.*

*Cabot wrote to Mr O and said the default would remain on his credit file for six years – so it was due to be removed on 26 July 2029. They said they have a responsibility to report accurate information – and reporting that his account was defaulted was accurate.*

*Unhappy with this, Mr O asked us to look into things. One of our Investigators did so, but didn't think Cabot had done anything wrong – so he didn't tell them to remove the default.*

*Mr O didn't accept this, saying Cabot not removing the default wasn't fair. So, the complaint's 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.*

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

*Mr O would like the default removed if he pays off the full balance – and says he understands we can make Cabot remove it.*

*Cabot have said they have a responsibility to report true and accurate information so won't remove the default.*

*Mr O is right, our service can require Cabot to remove the default, but we'd have to be satisfied the default had been applied incorrectly.*

*I can see Mr O has raised a complaint with S, who have said they did apply the default correctly. In the circumstances, I wouldn't expect Cabot to agree to remove the default – because there is no evidence it's been added incorrectly.*

*Mr O is welcome to bring his complaint about S to our service, and we can potentially look into it for him. But from Cabot's perspective the payment of the outstanding amount wouldn't remove the default. It will though show as 'settled' or 'satisfied' – which is likely to be looked on more favourably by a lender than a default which hasn't been paid off. Whether that in itself makes any difference to that lenders decision on whether to lend to Mr O or not I simply couldn't ever know that – but I hope this is useful information for Mr O.*

### **Responses to my provisional decision**

Cabot said they were happy to accept my provisional decision and had nothing to add. Mr O said *"I don't know what I have to do now because you told me I already raised a complaint with the...S... , but you just told me you have to raise it as a like a new complain"*

### **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.

Mr O has said he's not sure what to do now, because we've told him he's already raised a complaint with S, but we've also told him to raise a new complaint.

I can see Mr O received a final response letter from S in February 2025. Our Investigator told Mr O how to ask our service to look into this complaint if he wanted us to on 12 February 2025. Our Investigator explained Mr O could call us to ask us to look into the complaint against S and gave the relevant phone number, or Mr O could do it online himself and he was given the relevant online link. If Mr O does want us to look into things, I'd encourage him to follow that guidance.

As neither party has seemingly raised any objection with the outcome I've reached, I remain of the opinion Cabot haven't done anything wrong in continuing to report the default.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 April 2025.

Jon Pearce  
**Ombudsman**