

The complaint

Mrs W complains Cabot Credit Management Group Limited have contacted her regarding a debt for an account she doesn't believe they have authority to do so. Mrs W is also concerned that she's told Cabot she's vulnerable, but they've continued contacting her when they shouldn't be.

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.

Before explaining the history of what's happened, I wanted to set out that originally Mrs W asked us to look into two accounts. But I've separately decided our service can't look at one of these accounts, and have communicated that to Mrs W.

This means our service will only be looking into an account with a company I'll refer to as A – and I'll only reference information relevant to deciding the outcome with A.

Mrs W was sent a Notice of Assignment (NOA) regarding the account with A on 22 March 2023. This said the account had been bought by a debt purchaser (DP), and they had asked Cabot to service the account.

Mrs W says the balance of this account had been paid off and removed from her credit file. She contacted Cabot and asked for proof of the debt with them, and she said they replied without valid proof. Because of this, Mrs W says the debt is unenforceable, and should be removed from her credit file. Mrs W quoted a significant amount of laws in her correspondence – and set out a schedule of fees she told Cabot they'd have to pay if they kept contacting her.

Cabot issued several responses to Mrs W. In summary:

- *3 November 2023 – as they'd previously considered a complaint about the other account, this letter focused on the account with A. When Mrs W asked for evidence of the account, they forwarded this on to the company managing her other account but didn't realise the account with A remained with them – so they should have processed Mrs W's request. They offered her £150 in recognition of this.*
- *31 January 2024 – they're aware some websites provide letters like hers, but they have no legal standing and don't mean she doesn't have to pay her debts. For the account previously with A, the relevant documents Mrs W had asked for had been provided on 7 December 2023, and they were satisfied this account was enforceable.*

Our Investigator said he didn't think Cabot were responsible for the issues we might be able to consider, so he didn't uphold them.

Mrs W provided a number of replies and a significant amount of additional documents. As she didn't agree, 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 firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mrs W's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

The crux of Mrs W's complaint is that Cabot are asking her to repay a debt she says they shouldn't be.

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.

During her complaint, Mrs W has referred to a large number of different laws.

I think it'd be helpful to set out the basis on which I'm required to decide cases. The financial regulator the Financial Conduct Authority sets this out in the Dispute Resolution (DISP) rules.

DISP 3.6.1 says:

The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case.

And DISP 3.6.4 says:

In considering what is fair and reasonable in all the circumstances of the case, the Ombudsman will take into account:

(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what he considers to have been good industry practice at the relevant time

Putting this into practice, I'm required to take into account the laws Mrs W has mentioned. But I'm not bound to reach the same outcome as the law may say, because I'm required to decide matters on a fair and reasonable basis.

I believe Mrs W's intention of the collective meaning of all the laws she's quoted is that Cabot aren't allowed to ask her to repay this debt, or report information to the credit reference agencies (CRAs). So, that's what I'll focus my decision on – and whether I think Cabot are acting fairly and reasonably or not – in line with the rules I'm required to apply.

I've summarised Mrs W key points as she says Cabot have no legal right to ask her to repay this debt, it's not been assigned properly, no Deed of Assignment (DOA) has been provided, and in any event the account is showing as paid off on her credit file. Because of all this, Cabot shouldn't be reporting on her credit file she owes anything for the account formerly with A.

Cabot say they do have the right to ask her to repay the debt, it has been assigned properly, Mrs W isn't entitled to the DOA, and the account hasn't been settled. Because of that, Cabot are satisfied they're reporting this information correctly to Mrs W's credit file.

Taking each one of Mrs W's point in turn – I'm satisfied Cabot do have a right to ask her to repay the debt. As noted above, I can't decide if legally they're able to do so, and Mrs W may want to seek further legal advice on this point. But, a lender passing on an account to another party isn't uncommon. And, when they do this, they're required to send a NOA. I've looked at the NOA Cabot sent Mrs W, and I'm satisfied it's genuine. So, this gives Cabot the right to ask Mrs W to repay the outstanding balance on the account.

The assignment of a debt from a lender to another party is done by virtue of the NOA. So, I'm satisfied the debt has been properly assigned for Cabot to service it and ask her to repay the outstanding balance.

The DOA is an agreement between the lender and the DP – this isn't something I'd generally expect Mrs W has to see to be satisfied the debt has been assigned. I'm satisfied the NOA is sufficient for that purpose. So, I'm satisfied Cabot haven't done anything wrong by not providing this to her.

In respect of the credit file showing Mrs W's debt as 'zero' that's because A sold the debt to the DP. This means Mrs W no longer owes A – she owes the DP, which Cabot are servicing on their behalf. So, I'm not persuaded by Mrs W's credit file evidence – which in my view simply shows the debt is no longer with A and supports the view the debt was assigned to the DP, with Cabot now being responsible for the reporting.

Bringing all of this together, I'm satisfied Cabot are acting fairly by asking Mrs W to repay this debt.

And, because of that, I'm satisfied it's fair and reasonable for Cabot to report this outstanding debt to the CRAs.

I've also thought about Mrs W's concerns about Cabot continuing to contact her even though she classes herself as vulnerable. I am sorry to hear how difficult things have been for her, and I don't doubt at all it's stressful to deal with these kinds of issues. But, from what I can see, Cabot have a legitimate reason to contact Mrs W, and haven't done so in a way I'd consider unreasonable. So, I don't think Cabot have done anything wrong on this point.

Separately, I'm aware Cabot unfortunately delayed sending Mrs W the documents she was entitled to – and offered her £150 for that. It's unclear to me if that's been paid, but both parties can confirm if it has or not. If it hasn't, then I'd say it's fair for Cabot to still pay this figure as they offered in their letter of 3 November 2023.

Responses to my provisional decision

Cabot replied and said they had nothing further to add and were happy to pay Mrs W the £150. They said they'd contact her.

Mrs W didn't reply by the deadline.

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.

As neither party has disagreed, I'm satisfied it's fair for Cabot to pay Ms W £150 compensation to resolve this complaint.

My final decision

Cabot Credit Management Group Limited have offered £150 to settle this complaint and I'm satisfied that's fair in all the circumstances of this complaint.

So, I require Cabot Credit Management Group Limited to pay Mrs W £150 compensation, if they haven't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 21 April 2025.

Jon Pearce
Ombudsman