

The complaint

Mr R complains that Cabot Credit Management Group Limited (Cabot) were pursuing him for a debt that had been taken out fraudulently in his name.

What happened

I set out the background to this complaint and my initial findings in my provisional decision dated 31 March 2025 (below)

What happened

In June 2024 Mr R became aware of a debt Cabot were pursuing his name. The debt had stemmed from a credit card, with a firm I'll call N, that had been opened in his name in April 2021. When the account had defaulted N had sold the debt to a debt purchaser (DP) who appointed Cabot to service it.

Mr R complained to Cabot as he said the credit card had been taken out fraudulently. He told Cabot that N had already confirmed the account was fraud, but he didn't provide any evidence of that to Cabot. Cabot didn't uphold his complaint they said, the account had been taken out in his name and they were satisfied he was liable for it, but if he still believed it was opened fraudulently, he would need to contact N directly.

Mr R brought his complaint to our service. Our investigator didn't uphold Mr R's complaint, in summary they said Cabot wasn't responsible for the decision to pursue Mr R for the debt, this was the responsibility of DP, and that we couldn't look at a complaint about DP as they aren't a firm that is regulated by the Financial Conduct Authority.

Mr R disagreed and asked for an Ombudsman to look at matters.

In the meantime, Mr R was back in contact with the investigator, who then agreed to contact N to see if they could assist Mr R further. N responded to the investigator saying they had now investigated Mr R's concerns and agreed that account had been opened fraudulently and so they would be buying it back from DP and closing it down. The investigator spoke to Cabot about this, and they confirmed N had been in touch and the account was in the process of being returned to N. They also said they had arranged for any adverse information to be removed from Mr R's credit file.

The matter has now 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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key

issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

I'm aware our Investigator said there were elements of this complaint that Cabot wasn'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.

I'm aware that Mr R has been the victim here of multiple occurrences of fraud across many businesses and this has had a huge impact on him, and he has my greatest sympathy for what must have been a terrible time. But I want to be clear this decision only focussing on the actions of Cabot in relation to the account that was fraudulently opened with N. I can't take the other occurrences or the actions of other businesses into account here.

When Cabot began servicing the account they needed to take steps to be sure they were contacting the right party to pursue the debt. To do this, we would say they are entitled to rely on what N has told them – in good faith. N had given information showing the debt belonged to Mr R. So, I don't think it was unreasonable for Cabot to contact him about the debt.

So, I've gone on to think about what Cabot needed to do when Mr R raised the dispute with them, saying the account wasn't his. Here I would expect Cabot to listen to what Mr R was telling them and investigate it. Mr R told them N had already confirmed the account was fraudulently obtained but didn't provide evidence of this. Cabot did ask him if he could share evidence with them, but he didn't and so they signposted him back to N to raise the matter directly with them. I don't think this was unreasonable of them to do in the circumstances. I say this because really only N could determine if the account had been opened fraudulently as they had access to the information that was provided when the account was opened.

I have also seen evidence from Cabot, that they continued to look into this by sending a query to N. And I have seen N's response to them saying they hadn't noted that fraud had been confirmed and to ask Mr R to contact them directly. So, even if Cabot had done this when Mr R first raised his dispute with them the answer, he would have gotten would have been the same – that he needed to raise the matter directly with N.

I'm pleased to see the main issue has been resolved for Mr R, in that the account has been closed and he is no longer being pursued for it. But I can't fairly say Cabot are responsible for the upset the fraud caused to Mr R, as they weren't party to the account being opened and were collecting in good faith with the information, they had available to them.

Bringing this all together, I'm satisfied Cabot acted fairly when dealing with Mr R regarding this account. So it follows I won't be asking them to compensate him as he has asked.

I recognise Mr R's strength of feeling about this complaint and know he will be disappointed with this outcome. But I hope my explanation of how I reached this outcome has been helpful to him.

My provisional decision

For the reasons set out above, my provisional decision is that I won't be upholding this complaint.

I invited both parties to respond to me with any comments or arguments they thought were relevant.

Cabot responded and said they accepted my findings.

Mr R's rep responded acknowledging receipt of my findings and said they would provide a further response before the deadline of 14 April 2025. No further response was received from Mr R or his rep.

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 made any further representations from me to consider I see no reason to depart from my provisional decision to not uphold the complaint.

My final decision

For the reasons set out above and in my provisional decision dated 31 March 2025, 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 R to accept or reject my decision before 13 May 2025.

Amber Mortimer
Ombudsman