

The complaint

Mr P complains that Cabot Credit Management Group Limited, trading as Cabot Financial (Europe) Limited, reported a default to the credit reference agencies (CRA's).

What happened

Mr P says Cabot purchased a debt from a bank in or around 2019 – it purchased this as part of a bulk process. Mr P says Cabot didn't adequately check the accuracy of the debt it purchased, which he says is a breach of data protection legislation. Cabot then reported the debt against Mr P's credit file as having defaulted, which Mr P says it didn't have any evidence to support.

Mr P says he engaged with Cabot to have the default removed from his credit file, but it took around nine months for Cabot to do this.

As a result of all of this, Mr P says he's missed out on the purchase of a house. And he's lost the deposit he saved because he had to use this to spend on rent which, he's explained, is more expensive than his mortgage would have been.

Mr P wants Cabot to pay him compensation to reflect everything that's happened.

Cabot responded to Mr P's complaint. In summary, it explained that it had removed the default from his credit file based on some of the information Mr P provided it during a call in December 2023. It didn't think it had initially done anything wrong in reporting the default, as it obtained the reporting information from the original lender. It said it couldn't have investigated the matter sooner as Mr P didn't want to provide it with information to help its investigation. Mr P also didn't provide Cabot with his contact details, so it couldn't communicate with him about it either.

An Investigator initially looked into Mr P's complaint and came to the conclusion that this Service couldn't consider the merits of the matter. That's because they didn't think Mr P met the criteria to be an 'eligible complainant' as set out in the rules applying to complaints brought to this service.

Mr P disputed this, so the case was passed to me to decide this matter of jurisdiction.

I issued my provisional decision to say that I thought Mr P was an eligible complainant, and that we had jurisdiction to consider the complaint.

Because the matter of jurisdiction was resolved. I then went on to review the merits of Mr P's case, setting out my provisional decision to both parties to this matter.

I have copied my provisional findings below, which also form part of this final decision.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Mr P has made a lot of submissions to this Service in relation to this case. I have read everything he has sent, and I have taken into account all the information he has provided when coming to my provisional decision. I haven't specifically commented on every point Mr P has raised, or referred to every piece of regulation he has referred to. However, I have taken this all into account when deciding on what I consider to be a fair and reasonable outcome in the circumstances of this case.

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.

In practice, this means that while I'm required to take into account the law, 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. So where Mr P has asked me to consider specific legislation, and I have decided to comment on it because it is relevant, I have considered it on a fair and reasonable basis.

The crux of Mr P's complaint here is that Cabot were reporting a default on his credit file. To come to a fair outcome on this case, I have considered three questions that I think are important in deciding if Cabot has done anything wrong in relation to Mr P's complaint.

These are:

- Were Cabot careless in purchasing the debt?*
- Were Cabot reasonably reporting the default on Mr P's credit file?*
- Did Cabot act fairly and reasonably once it received notification from Mr P that he thought the reporting was inaccurate?*

I have considered each of these points in turn below.

Were Cabot careless in purchasing the debt?

Mr P says this debt was bought as part of a bulk purchase – he says the process was automated, which has meant that Cabot hadn't properly checked the details of the debt it purchased, which has led to inaccurate reporting on his credit file. He adds that this contradicts Article 22 of The General Data Protection Regulation (GDPR), which essentially says that a data subject shall have the right not to be subject to a decision based solely on automated processing, which would legally or significantly affect them.

I'll start by saying that it is normal practice that lenders sell debts as part of a 'book' of multiple debts. There isn't anything inherently unfair or unreasonable about this. And there aren't any requirements for each debt to be checked by a 'human'. It is reasonable of Cabot to have purchased the debt from the lender in good faith that the information it received is

correct. And that the original lender has carried out the appropriate checks before passing on the information.

I have seen a copy of the information Cabot received from the original lender when it purchased the debt. This provides information about the name, date of birth and address of the debtor. It shows the amount of the defaulted balance, who the original lender was, along with the account number of the original debt. I don't know the process Cabot has in place for when it purchases a debt, or a book of debts. So, I don't know if this is automated or if there is human intervention. Even if there was human intervention in the debt acquiring process, based on the information available to Cabot at the time, I don't see any reason why it ought to have questioned the information it received from the original lender. So, I don't think it made any difference here whether the process was automated or not. Because I don't think the information it had about the debtor at the time would have led to a different outcome.

So, I'm not persuaded that Cabot has acted carelessly in purchasing the debt.

Were Cabot reasonably reporting the default on Mr P's credit file?

Cabot are required to continue with the reporting of the information it receives from the original lender. I can see that the information it received from the lender, showed that the account in question had defaulted. So, I'm satisfied that Cabot were fair to continue the reporting of the default.

There isn't anything in the information I've seen to suggest there was any reason for Cabot to have questioned the accuracy of the data it was reporting until Mr P got in touch with it to let it know that he thought it was reporting this incorrectly.

I have noted that Mr P has said that he wasn't served a notice of sums in arrears as a requirement under the Consumer Credit Act 1974, prior to the account defaulting. But it wasn't Cabot who defaulted the account, it was the original lender. Cabot had a responsibility to continue to report the default, which is what it did.

The information I've seen shows the name of the debtor is the same as Mr P's. The date of birth of the debtor is also the same as Mr P's. I accept that Mr P has since confirmed that he had no association with the address that the original lender had provided Cabot with. But I don't think Cabot could reasonably have known this at the time it was reassigned the debt.

Because of this, it doesn't seem to me that Cabot had done anything wrong in initially reporting on Mr P's credit file. The information it received about the account had come from the original lender, and it simply continued this reporting, as it was required to. While I accept that later events led Cabot to question the accuracy of the reporting, I don't think it did anything wrong at acquisition stage.

Did Cabot act fairly and reasonably once it received notification from Mr P that he thought the reporting was inaccurate?

Cabot first received notification in April 2023 via one of the Credit Reference Agencies (CRA) that Mr P disputed the reporting of the default. Mr P said that the account didn't belong to him. Cabot responded to this, via the CRA, saying that the default was being reported accurately, and Mr P should call Cabot directly to discuss in more detail.

In May 2023, Cabot received another communication from Mr P via the CRA. Mr P said the entry was fraudulent and he wanted it removed. Cabot responded via the CRA again, stating that they would investigate the matter and Mr P should call or email it to provide any information that might be helpful.

Mr P contacted Cabot on the phone in May 2023. Mr P didn't want to provide Cabot with any of his information, so it couldn't take him through security or look further into what had happened. At this time, Mr P confirmed that he had received no request for payment from Cabot, and so the agent thought it likely its customer was someone else, and it's possible that the reporting could be due to an address link placed by another company which it couldn't remove as it wasn't the creator of the address link. During this call, Mr P made a complaint and was passed to the complaints team. The complaints team confirmed they would look into the matter further. He said he'd call back in eight weeks if he hadn't heard anything.

Following the call in May, Cabot contacted the original lender to find out more about the address history that related to the account. It couldn't then communicate with Mr P to get more information as it didn't have his contact details. The notes on the account suggested that it needed more information from Mr P before it could continue to investigate.

In August 2023, Cabot receives communication from the Information Commissioners Office (ICO) – it appears the ICO got in touch with Cabot following a complaint Mr P made to it. Cabot carries out further investigations. It goes to the original lender to ask about the complaints it received from the consumer and how it got hold of the most recent address.

In September 2023, Mr P starts to contact Cabot again by phone. He makes various phone calls, and the notes on the account suggest that Mr P wouldn't provide any personal information, and it doesn't appear that the issue is any closer to being resolved.

Mr P then calls in again in December 2023, following communication he received from Cabot. During the phone call, Mr P confirmed his date of birth, he also confirmed that while he didn't live at any of the addresses that Cabot had recorded as being associated with him, the address the original lender had recorded when the account opened was an address his parents had lived at. Based on the information Mr P provided in this phone call, Cabot agreed to remove the default from his credit file.

CONC 7.5.3 states that "A firm must not ignore or disregard a customer's claim that a debt has been settled or is disputed and must not continue to make demands for payment without providing clear justification and/or evidence as to why the customer's claim is not valid". Mr P has asked me specifically to consider this part of the FCA Handbook when coming to an outcome. He's said he feels that Cabot has breached these rules. But I can't say I agree with Mr P's assertions here. I say this because once Cabot were aware of Mr P's claims that the debt wasn't his, it quickly took action to investigate matters. I don't think it needed to provide Mr P with justification or evidence as to why his claim is not valid, because as far as I'm aware, Cabot hasn't said this. And it is no longer pursuing him for the debt.

Cabot did what I would have expected it to do and contacted the original lender for more information. It also received information from one of the CRA's relating to address links. None of the information it received, in my view, would have been enough on its own for Cabot to conclude that the default was being incorrectly reported. I think it was reasonable of Cabot to have concluded that it needed to speak to Mr P before it could consider the matter further.

Cabot wasn't initially able to communicate with Mr P, because it didn't have any of his contact details. So, it wasn't initially able to respond to him with its findings or speak to him about the information it had found. Because Mr P didn't want to provide his personal information it made it difficult for Cabot to be able to investigate matters and it has undoubtedly delayed the resolution Mr P wanted, in the default being removed. But I don't consider that these delays are as a result of something Cabot has done wrong.

I note that Mr P has referred to CONC 7.14.1 to CONC 7.14.6. I have addressed these parts of the rules below, as I agree they relate to Mr P's complaint.

CONC 7.14.1 "A firm must suspend any steps it takes or its agent takes in the recovery of a debt from a customer where the customer disputes the debt on valid grounds or what may be valid grounds".

Cabot weren't attempting to collect a debt from Mr P after he disputed the validity of the debt.

CONC 7.14.2 is about the valid grounds on which a debt can be disputed. One of these grounds is where "the individual being pursued for the debt is not the true borrower or hirer under the agreement in question".

I've not seen anything to show Cabot suggested Mr P didn't have valid grounds to challenge this debt.

CONC 7.14.3 says "Where a customer disputes a debt on valid grounds or what may be valid grounds, the firm must investigate the dispute and provide details of the debt to the customer in a timely manner".

I have already explained that I'm satisfied Cabot investigated the dispute. It couldn't provide Mr P with details of the outcome of its investigation because it didn't have his contact details. And it required more information from him before it could come to an outcome.

CONC 7.14.4 says "Where there is a dispute as to the identity of the borrower or hirer or as to the amount of the debt, it is for the firm (and not the customer) to establish, as the case may be, that the customer is the correct person in relation to the debt or that the amount is the correct amount owed under the agreement."

I haven't seen any evidence to suggest that Cabot put the onus on Mr P to prove that the debt wasn't his. As I've explained, after it received notification from Mr P the debt wasn't his, it started investigations into the matter. It required more information before it could conclude the matter. It isn't unfair of a firm to ask a person reasonable and relevant questions in order to help it with its investigation. I don't think the information Cabot required from Mr P to determine if the account was his was unreasonable. And I haven't seen anything to suggest that Cabot was essentially placing the responsibility on Mr P to prove the debt wasn't his. It just needed to ask him some questions to determine what had happened. Once it had been able to ask him some relevant questions, it agreed to remove the default.

CONC 7.14.5 says "A firm must provide a customer with information on the outcome of its investigations into a debt which the customer disputed on valid grounds".

This information was provided to Mr P during a phone call on the 19 December 2023 and followed up in writing during the complaint response.

CONC 7.14.6 isn't, in my view, relevant to the circumstances of this case.

Overall, I haven't found that Cabot has done anything wrong. I accept that the default remained on Mr P's credit file for longer than it needed to, but I don't think these delays were down to anything Cabot had done wrong.

Because I don't uphold this complaint, I won't be asking Cabot to compensate Mr P. I appreciate this decision will come as a disappointment to him as I understand how strongly he feels about what's happened in this case.

Data protection

In addition to Article 22 of GDPR, Mr P has referred to other Articles of the regulations he feels are relevant to his complaint. I have briefly covered my thoughts on those I deem relevant below:

Article 6, states on what grounds processing is lawful. I consider the point most relevant to Mr P's complaint to be where "the data subject has given consent to the processing of his or her personal data for one or more specific purposes". Mr P says he didn't consent to Cabot processing his data. I make no finding on whether he did or didn't here. But even if he didn't, I don't think Cabot took unreasonable actions in processing his data, because it had reasonably relied on the information it received from the original lender. The terms and conditions of the original credit agreement would likely have provided consent for Cabot to process such data about an account that it had acquired. So, I don't think it has acted unfairly.

Article 17, states that a data subject shall have the right to the erasure of their personal data in certain circumstances. Cabot said that it wouldn't delete Mr P's personal information, it said "we were entitled to keep your data on file as we were provided with the information by [original lender name removed] upon our assignment. In addition, we are required in accordance with FCA regulations to maintain records relating to any complaint for a period of 3 years from the date of complaint, and in accordance with the Data Protection Act 2018 we further keep your data for the establishment or defence of legal claims". Taking what Cabot has said, alongside the grounds listed in Article 17, I don't think Cabot has acted unreasonably in not agreeing to erase Mr P's information.

Consumer duty

Mr P has made reference to information in the FCA's handbook regarding Consumer Duty. Mr P is right that Cabot has an obligation to comply with the principles set out in Consumer Duty. Consumer Duty was introduced by the Financial Conduct Authority (FCA) and sets a higher standard for firms in terms of how they are interacting with their customers. It applies to events from 31 July 2023, so it applies to some of the events that happened in this case. The Duty requires firms to act to deliver good outcomes for retail customers, in part by helping customers to avoid foreseeable harm. I've taken this into account when considering Cabot's actions in relation to Mr P's complaint, and I haven't seen anything to suggest it has done anything wrong.

Enforcement

I note Mr P has sent me information relating to CONC 13.1.6, which refers to failure to comply with other sections of CONC 13.1, would render an agreement unenforceable. I can see that since Cabot has agreed to remove the default, Mr P has been requesting information from Cabot, such as a Deed of Assignment. I presume this is so he can evidence the debt isn't enforceable. It's worth noting here that I can't make a finding that a debt is or isn't enforceable – only a court can decide this. That being said, Cabot has removed the default from Mr P's credit file and closed the account. So I don't think it is still pursuing him for the debt.

In any event, I wouldn't have expected Cabot to provide Mr P with the documents he asked for. That's because it can only provide this information to the borrower. And the whole basis

of Mr P's complaint is that he isn't the borrower. So I don't think it was unreasonable of Cabot not to provide Mr P with this information. And although I can see Cabot told Mr P the debt is enforceable, I don't think it is taking action to enforce it, because the account has now been closed.

Summary

For all the reasons I've set out above, I'm not persuaded that in the circumstances of this case, I can find that Cabot has done anything wrong. I'm satisfied that it purchased the debt from the original lender in good faith and reported information to the credit reference agencies as it was required to do. I'm also persuaded that it took the necessary action to investigate the legitimacy of the debt when Mr P got in touch, and I think it did this without delay. While I accept that there was a delay in the resolution of the case (the removal of the default), I haven't seen anything to suggest that the delays were down to anything Cabot did wrong.

I would like to offer my sympathies to Mr P. I appreciate that he'll find this provisional decision incredibly disappointing - I can understand why. Having a default recorded on a credit file can be distressing and would likely have had an impact on his ability to get credit elsewhere. In reaching my conclusion, I don't wish in any way to downplay or disregard the situation Mr P has explained to this Service. But being independent means, I have to take a step back and consider what both parties have said. And having done so, for the reasons I've explained, I don't currently find that Cabot has done anything wrong. It follows that I don't intend to uphold this complaint."

Cabot agreed with the findings I made in my provisional decision. However, Mr P didn't. I have read and carefully considered everything he's told us, and have summarised what I feel are his main points below:

1. Cabot should have removed the default as a precaution when it was first notified by Mr P that it was incorrect. It took nine months for it to be removed, after multiple contacts made by Mr P.
2. Mr P was within his rights not to provide Cabot with his personal contact details. Especially given the circumstances surrounding his complaint – which he's phrased as fraud and incorrect reporting. Cabot has a proven track record of data breaches and information security concerns.
3. Mr P says that when Cabot purchased the debt, all rights and responsibilities of the original lender transfer over to the debt purchaser. He adds that Cabot has been found to have purchased an erroneous debt, which he says can't be blamed on the original lender who sold the debt. He believes that Cabot are solely responsible for any errors in the original deed.
4. My provisional decision ignores why the debt wasn't checked prior to it being reassigned to Cabot. He adds that Cabot are responsible for purchasing the debt and not checking it. And that my provisional decision blames him and not Cabot for the purchase of the debt. The provisional decision essentially says that the data Cabot purchased is correct. He states that bulk purchases are inherently problematic.
5. Mr P was treated as the borrower by Cabot until December 2024, so it's not fair to prevent disclosure of the Deed of Assignment.
6. Cabot should have taken more action to reduce the harm continued reporting of the default caused. Mr P says the onus was put on him to dispute the debt.
7. Mr P asks who is to blame for the delays in the default being removed.

8. There were no proactive steps taken by Cabot to do anything about the incorrect reporting of the default until he contacted it. The default was present for much of 2022 and 2023.
9. My provisional decision didn't comment on Article 82 of the GDPR regulations.

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 first important to say that I have noted that some of Mr P's submissions state that I have blamed him for what's happened in relation to his complaint.

I am sorry he feels this way – it certainly isn't my intention to attribute 'blame' on him as he's suggested.

My role here is to decide if the business Mr P has complained about has done anything wrong. So, I am deciding whether or not Cabot has acted fairly and reasonably in the circumstances of this individual case. Where I have made a finding that Cabot has acted fairly and reasonably, this doesn't mean – and isn't intended to imply – that Mr P is at fault for what's happened here.

Having considered everything again, it is my decision not to uphold Mr P's complaint, for much the same reasons as those set out in my provisional decision. For completeness though and to assure Mr P that I have thought carefully about his latest points, I will cover off the main points he has raised below. I have numbered my responses below to correlate with my summary of his points above.

1. There's no requirement for Cabot to remove the default from being reported prior to it having been investigated. There are also no rules or guidance which state that it should do this. I can understand why Mr P might find this to be unfair, however I would expect a firm to only remove such data from being reported once it had investigated the matter further and decided that the reporting ought to be removed. I don't find this to be unfair or unreasonable.

Mr P is correct in stating that the default took nine months to be removed. And Mr P did contact Cabot on multiple occasions throughout this period. But the default wasn't removed sooner because Mr P didn't want to provide Cabot with information to help it with its investigations (once again, this is not about attributing blame, this is simply my assessment of what's happened). I've explained in my provisional decision, the information it was able to obtain during the course of its investigations didn't suggest the reporting was incorrect. So, I've not found that Cabot were the primary cause of the delay in the default being removed.
2. Mr P is certainly within his rights not to provide Cabot with the information it requested. That is of course up to him to decide. But the result of not providing information is that Cabot couldn't continue with the investigation into whether the default reporting was correct or not. Which is why it took longer than it could have for Cabot to make the decision to remove the default from reporting.
3. When the debt was reassigned, the contractual rights and obligations under the agreement were assigned to the debt purchaser. But Cabot (Cabot Credit Management Group Limited trading as Cabot Financial (Europe) Limited) aren't the debt purchaser in this case. The debt itself is owned by a separate legal entity, who aren't a regulated firm. Cabot, in this case, as the debt servicer and responsible for

much of the same things as the debt purchaser, but the contractual rights and obligations under the agreement weren't passed to it on reassignment of the debt.

I understand Mr P's view is that because the rights were reassigned, then Cabot should take responsibility for what he says are the errors in the reporting. But for the reasons I've explained here, Cabot isn't the owner of the debt. And for the reasons I've explained in my provisional decision, I haven't found that Cabot did anything wrong when it continued the reporting of the default from the original lender.

4. I make no comment on whether bulk purchases are inherently problematic because my role is to consider Mr P's individual dispute. However, I do accept that things can and do go wrong. I explained in my provisional decision why I saw no reason that Cabot should have questioned the information it received about the debt – even if it had been checked by a 'human' as opposed to a bulk purchase. The provisional decision doesn't suggest that the data was correct, but that there wasn't anything in the information Cabot had received which ought – in my view – to have made it question it.
5. Mr P's complaint is that he isn't the borrower, and Cabot has either decided to accept this, or decided not to pursue him for the debt based on the information it had available. On this basis, I don't think it would be unreasonable of Cabot not to provide Mr P with a copy of the Notice of Assignment. I note that Mr P's argument here is that he was treated as the borrower while it was reporting on his credit file. But I'm not persuaded that this means it should now provide him with a copy of a Notice of Assignment, for a debt he says he doesn't owe.
6. Cabot did take action to prevent harm regarding the reporting of the default. My provisional decision explains the actions Cabot took once it received notification that it might be reporting incorrect information. While Mr P initially had to raise the issue with the default reporting, for the reasons I've already explained, Cabot couldn't have reasonably been aware of this at an earlier point in time. And once it became aware, it took the action I would have expected it to, which was to investigate further.
7. My role is to decide whether Cabot has done anything wrong, not place blame to other involved parties.
8. See point 6.
9. I have considered Mr P's comments about Article 82 of the GDPR regulations. Essentially, this says that a person who has suffered material or non-material losses as a result of an infringement of the regulations is entitled to compensation. Part 3, explains that *"A controller or processor shall be exempt from liability under paragraph 2 if it proves that it is not in any way responsible for the event giving rise to the damage."*

For the reasons I've already explained, I don't think Cabot were responsible for the initial reporting of the default. It continued to report what the original lender had reported, which is what it was required to do. It continued to report the default until it was able to fully investigate Mr P's assertions that the debt didn't belong to him. Once it was able to do this it took the decision to stop reporting. I don't think Cabot has acted unfairly or unreasonably here. As such I don't require it to pay Mr P compensation.

I appreciate this decision will come as a disappointment to Mr P, as I know how strongly he feels about what's happened. However, for all the reasons I've explained both here and in my provisional findings, I don't find that Cabot has acted unfairly or unreasonably.

My final decision

For the reasons set out above, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 July 2025.

Sophie Wilkinson
Ombudsman