

The complaint

Mrs K complains that Specialist Lending Limited trading as Duologi assigned a loan in her name to a third party without informing her.

What happened

Mrs K took out a loan with Duologi in 2019. In September 2024, Mrs K noticed a new direct debit payment debiting her account in favour of a business I will refer to as N. Mrs K didn't know anything about N, so her bank reversed the transaction and cancelled future payments.

When Mrs K noticed that her monthly loan repayment to Duologi had not debited, she tried to contact Duologi but it didn't reply. Mrs K then received a text to say that Duologi had sold her account to N.

Mrs K is unhappy as she didn't consent to Duologi sharing her details with N and wasn't told that it had sold her account. Mrs K is concerned that N is a debt collection agency although she's never missed a repayment to Duologi.

Our investigator didn't uphold Mrs K's complaint. In summary he said that Duologi had the right to assign the loan agreement to N. Our investigator thought that Duologi sent Mrs K notification of the assignment to the address it held on file. Our investigator also noted that the new owner wrote to Mrs K, so she should have been aware of the sale and the fact that her direct debit had been automatically transferred.

Mrs K disagreed with the investigation outcome. She didn't agree that Duologi wrote to her about the assignment of the debt. Mrs K thought it must have backdated the letters. Mrs K pointed to other customers who have had a similar experience with Duologi. Mrs K said that she had never missed a repayment, so her account should not have been passed to a debt collector.

After considering the complaint, I was minded to uphold it, so I issued a provisional decision on 16 May 2025 which said:

The terms of the loan agreement which Mrs K signed provide that Duologi may assign the benefit of this agreement to any third party. And that if it does so, Duologi will inform its customer in writing of the assignment. This means that Duologi can sell the loan account to a third party regardless of whether the account was in arrears. As this was a commercial decision for Duologi to take, I can't fairly interfere.

However, I can still consider whether Duologi acted fairly when it sold the loan account, and this includes whether it gave Mrs K written notice of the assignment as required under the terms of her account.

As a regulated business, Duologi must follow the rules set by the Financial Conduct Authority. Its' handbook, known as CONC, explains what should happen where a lender – such a Duologi – assigns the debt to a third party.

CONC 6.5.2 says:

- (1) Where the rights of a lender under a regulated credit agreement are assigned to a firm, that firm must arrange for notice of the assignment to be given to the customer:
 - (a) as soon as reasonably possible; or
 - (b) if, after the assignment, the arrangements for servicing the credit under the agreement do not change as far as the customer is concerned, on or before the first occasion they do."

This places the obligation to inform a customer of the assignment of a debt upon the firm which buys the debt – in this case N. However, the terms of Mrs K's credit agreement with Duologi say "we will inform you in writing of the assignment."

Duologi has confirmed to us that it didn't send the notice of assignment directly to Mrs K. Instead, it provided N with a copy to in turn send to Mrs K. I think that it would have been helpful to Mrs K if Duologi had made this clear sooner. I also think it fair to interpret the terms of Duologi's credit agreement to mean that it should have informed Mrs K directly of the assignment, rather than leaving this to N.

I can only consider Duologi's actions as part of this complaint and not those of N. So, I can't, for example, find that N failed to supply the notice of assignment to Mrs K. But I have no reason to doubt Mrs K when she says she didn't receive the notice of assignment. And Duologi has confirmed that it didn't send her the notice of assignment itself. So, I consider it reasonable to require Duologi to compensate Mrs K for the upset and inconvenience caused when she didn't recognise the new direct debit set up in favour of N and therefore cancelled it.

Mrs K says that she tried to contact Duologi about the change but didn't hear back. It wasn't until mid-September 2024 that Mrs K received a text message from N to say that her loan had been transferred and her direct debit had been automatically moved over. It would have been helpful if Duologi had responded to the contact attempts which Mrs K says she made (although I have not seen direct evidence of these).

I appreciate that Mrs K suffered a level of uncertainty around this time but as far as I am aware, she didn't incur any late payment charges and no negative information has been reported to the credit reference agencies. So, my proposed award is a fairly modest £100. I consider this fairly reflects the upset caused to Mrs K when she tried

to find out what had happened to her loan and when she felt obliged to cancel the direct debit. Our approach to awards such as these can be found on our website.

Although I consider that Duologi could have handled the assignment of the account better than it did, this doesn't mean it wasn't allowed to assign the loan to N. So, as part of this decision, I can't require Duologi to take the loan back from N. I hope that Mrs K will understand. I also can't make any finding that Duologi has breached any data protection laws – that would be for the regulator, the Information Commissioner's Office to assess. But based on the information we have and the terms of Mrs K's loan account, I don't find it was unreasonable for Duologi to share her details with N.

Further submissions

Mrs K agreed with my provisional decision. Duologi has agreed to pay Mrs K £100 compensation to apologise for any lack of contact but does not agree that it made a mistake with the notice of assignment. Duologi says that Mrs K was provided with the notice as required under CONC and that it is common practice to use a third party to print and send correspondence. Duologi says that it was useful to Mrs K to receive the notice of assignment with the welcome letter from N as part of the sale of her loan.

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 am grateful for the parties' responses to my provisional decision and am pleased that Duologi agrees to pay Mrs K £100 although it doesn't agree with my provisional decision.

I note Duologi's comments about the notice of assignment but I am still persuaded by Mrs K's testimony that she didn't receive the notice ahead of her direct debit changing. Given that Duologi can't evidence that it sent a copy of the notice to Mrs K in line with the terms of her agreement, I stand by my provisional findings that part of the award of compensation reflects the inconvenience caused when Mrs K cancelled the direct debit.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I require Specialist Lending Limited trading as Duologi to pay Mrs K £100

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 10 July 2025.

Gemma Bowen
Ombudsman