

## **The complaint**

Ms H complains that Capquest Debt Recovery Limited (Capquest) failed to update her credit file as it should have and this has caused her ongoing detriment.

## **What happened**

Ms H had a credit card account that was sold by the original lender and is now owned by a debt purchaser, they have appointed Capquest to service the account.

The account defaulted in April 2023. In October 2024 Capquest agreed to write the debt off on medical grounds. There was a system issue that prevented the account from closing on Capquest's system and Ms H chased this up with them on quite a few occasions in October and November 2024 and in January 2025.

As the account was still open on Capquest's system, it was being reported to the credit references agencies as still having a balance owing. Ms H said this was causing detriment to her as it was preventing her access to housing.

Ms H first brought her complaint to this service in April 2025. In June 2025 put forward an offer to resolve matters. They said the account should have closed in October 2024 and been recorded as partially satisfied. But as this didn't happen and because of the poor experience she had, they would as a gesture of good will mark it as fully satisfied from 5 October 2024, when the write off was agreed. They also offered £400 compensation. They were clear the default would remain on her credit file for six years from when the account defaulted, so until April 2029.

Ms H accepted the offer but still wanted our service to consider her complaint as she didn't feel the compensation fairly reflected the impact the error had caused.

Our investigator didn't uphold Ms H's complaint as they felt Capquest had done enough to put things right.

Ms H disagreed; she said that she had been declined a mortgage because of the account not being closed. The matter has now 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 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. If I've not reflected something that's been said in this decision, 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.

As there is no dispute between the parties that things went wrong here, I don't need to go

over everything again, I will just be considering the impact the errors had on Ms H and if Capquest's offer of £400 was fair.

Before I do that I would like to express to Ms H how sorry I am to read of her struggles and the difficult place she has found herself in.

#### *The impact Ms H describes*

Ms H has said that she was denied access to housing because of the error. She has provided an email from a mortgage broker that says:

*'The default that is recorded on your credit file is causing issues with acquiring a mortgage at this stage... I also need paperwork/documents you have confirming the debt has been written off and the default is an error and will be cleared.'*

Ms H has also told us she was unable to rent a property because of her credit file; she isn't able to provide any evidence of this as she said she couldn't face going through with applications that would likely be declined – she said she believed this because letting agents said her credit file would be a problem.

She has also told us about the strain this ongoing issue has had on her mental wellbeing with her ongoing health issues.

Additionally, Ms H said she had other accounts with other financial institutions that dealt with her medical write offs more efficiently and without applying defaults to her credit file, which she thinks should be taken into consideration.

I've thought carefully about the points Ms H has raised and having done so I'm satisfied the offer Capquest made of £400 was fair in the circumstances and in line with what I would have recommended. I'll explain.

I've considered what would have happened if the account had closed correctly. Ms H's credit file would have shown that she had a partially settled account that had defaulted with a balance of £10,693 in April 2023. As things stand Capquest have said they will as a gesture of good will mark the account as fully settled and back date this to October 2024, as it should have been closed then. This means the account will now show more favourably on Ms H's credit file than it would have had they closed it correctly in the first place.

Ms H has provided a copy of her credit file to our service, and I can see that the account with Capquest isn't the only default that is reported. Under the 'closed accounts' section there is a default that was entered in in October 2020 for a telecommunications account. Even though the account itself is closed the default will show on her credit file until October 2026. I can also see that she has a mortgage account that is also closed that has late payments recorded between November 2022 and March 2023. Both of these accounts along with the Capquest account are likely to be having a detrimental impact on Ms H's credit file.

I'm unable to consider what Ms H has said about rental properties as she didn't actually make any applications. I understand the reasons why she didn't and I don't want to diminish what she has said about that. But when thinking about compensation I can only take into account what actually happened and not something that might have happened.

Turning to the email from Ms H's mortgage broker, unfortunately I can't agree that this shows she was declined a mortgage because the account wasn't recorded as settled. And for me to be able to say this was the case, I'd need evidence of a declined mortgage application from the lender with a statement from them, not a broker, saying the sole reason

for the declination was that the Capquest account wasn't showing as settled on Ms H's credit file.

While I don't doubt Ms H and her broker have found it difficult to find a lender where she meets the lending criteria. The broker doesn't say Ms H has had an application declined, they indicate they are talking to a lender and trying to get Ms H a mortgage. And the email clearly states that Ms H would need to provide paperwork showing the default was a mistake and was going to be cleared. But that isn't the case.

Given what the broker has said it's clear to me, it is the presence of the default that is causing an issue. And so even with account updated to settled, the issue would remain as the default will still be in place until April 2029. And the default didn't come about as a result of an error by Capquest, so I can't fairly say they have been the cause of Ms H not being able to secure a mortgage.

Ms H has inferred that Capquest are reporting defaults each month, which makes me question if she understands that to mean there are multiple defaults. So, I just want to clarify that there is only one default. The monthly reporting only indicates that the account hasn't yet been settled – which I accept was incorrect, but it was unlikely to have as much of an impact on Ms H's credit file as the default itself did.

While I understand the point Ms H is making, that other lenders dealt with her medical write offs differently, and didn't default the accounts, I can't say if that is right or wrong as I don't have the details of those accounts and nor should I as I can only consider what has happened in relation to this account. But what I can say is this account wasn't defaulted because of the medical write off, the default happened more than a year prior. So I'm satisfied Capquest didn't need to do anything differently in regard to the default when they wrote off the account.

I recognise that this went on for too long and undoubtedly caused Ms H a lot of upset and inconvenience when trying to sort it out. And given her account was written off due to her ill health and Capquest were fully aware of her circumstances I think they should have known their actions or inactions could exacerbate Ms H's symptoms. So, I think a significant award would be fair. I've balanced this though with Capquest's willingness to write off in excess of £10,000 of Ms H's debt. And because of this I'm satisfied that the £400 offer was a fair one.

Ms H has told us that Capquest have already paid this to her. And Capquest have said they were updating her credit file in June 2025, this can take up to eight weeks to show depending where in the reporting cycle the update was made. So, I think it would be right for Ms H to expect the reporting to be correct by now. If it isn't then she is entitled to bring a new complaint to Capquest.

I realise that this outcome isn't what Ms H was hoping for but I hope given my explanation she understands how I have reached the decision I have.

### **My final decision**

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 14 October 2025.

Amber Mortimer  
**Ombudsman**