

The complaint

Mrs H complains Lowell Portfolio I Ltd incorrectly recorded a default against her credit file for a debt they never should have had.

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.

Mrs H was in the middle of applying for a mortgage when she noted Lowell had reported a default for a credit card account with a company I'll call V. Mrs H was concerned by this, as she'd recently paid off the outstanding balance directly with V, so didn't think anything should be being reported as outstanding – which the default was showing as. Mrs H was also concerned Lowell had access to her personal information, when she didn't think they should have.

Lowell said when they purchase a debt, as they had done in Mrs H's case, they are required to take over reporting the status of the account to the credit reference agencies (CRAs). Here, V had recorded Mrs H had defaulted on her credit card account on 24 June 2020 – so when the account was sold to Lowell, they continued to report that this account with V had defaulted on that date. Lowell confirmed they'd updated the reporting to reflect the account had since been paid off – along with the settled date of 11 June 2024 – but overall didn't think they'd done anything wrong. They also said the account had been sold to them by V, which the terms and conditions of Mrs H's account with V allowed.

Mrs H didn't accept this, so asked our service to look into things. One of our Investigators did so, and they found Lowell hadn't technically done anything wrong, but felt the default entry they were reporting should be removed.

Lowell didn't agree to this, saying if they removed their entry, then there would be no record of Mrs H's default with V being reported to the CRAs anymore – as V should have stopped actively reporting it – and this wouldn't be correct.

As an agreement couldn't be reached, the complaint's 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.

In her complaint to Lowell Mrs H said she'd paid off the outstanding £162.17 debt with V on 11 June 2024. The debt had been purchased by Lowell on 19 August 2024 and they reported the debt as satisfied 5 September 2024 – so quite awhile after she'd paid it off – but it seems Lowell didn't know this until Mrs H told them on 1 November 2024 when she complained.

When a debt purchaser like Lowell purchases a debt they do so on the understanding and expectation the account does have a legitimately owed outstanding balance and that there aren't any outstanding disputes on the account. Lowell wouldn't be given lots of information about the situation of the account – so I wouldn't necessarily expect them to know at the time of purchase the account had been paid off – unless V told them.

Lowell say when they bought the account, they didn't know it'd been paid off. This is as I'd usually expect in line with the limited amount of information a debt purchaser will take on.

I've looked at the internal screenshots Lowell have provided. These show when they bought the account it came to them with an outstanding balance of £162.17. The internal screenshots also show the date of the last payment as 5 September 2024.

I've not seen any reason to suggest Lowell should have known this information was out of date. So it would seem Lowell correctly reported (based on their knowledge at the time) – that the default amount of £162.17 was outstanding initially, and then a last payment was made on 5 September 2024 which cleared the balance.

Lowell also queried with V whether they were continuing to report a default – and V said once an account has been sold they don't.

So, there should only be one outstanding entry on Mrs H's credit file. That entry should be from Lowell, and I'd expect it at this point to show the default was satisfied with a payment date of 11 June 2024 as Lowell said they'd updated their reporting and have provided evidence of their team saying they'd arrange for this. Mrs H has helpfully provided a screenshot to confirm that is what's happened now – and I think that's the correct position for her account with the CRAs.

I have noted our Investigator said Lowell should stop reporting the default, but I don't agree with that. Lowell have made the point that under the Information Commissioners Office (ICO) guidelines they're required to report true and accurate information. Mrs H doesn't appear to dispute that a default was registered by V, so it's correct for Lowell to continue reporting this given the account was sold to them. The fact that the account being sold happened after the actual debt had been cleared by Mrs H has clearly complicated things for both Mrs H and Lowell – but that doesn't mean Lowell are doing anything wrong by continuing to report the default V no longer are.

I have also noted Mrs H's concerns about Lowell processing her data – but as V sold the account to them, I don't think they're doing anything wrong on this point. I'm also conscious the way Mrs H has framed this point is she's more concerned about V's actions than Lowell – so as our Investigator said, if she wants to she can complain to V about their actions.

Responses to my provisional decision

Lowell replied to say they accepted my decision.

Mrs H 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 Lowell accepted my decision, and Mrs H didn't reply by the deadline, I've seen no reason to change the outcome I reached. I still don't think Lowell have done anything wrong so don't require them to take any action.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 September 2025.

Jon Pearce
Ombudsman