

The complaint

Ms M complains Link Financial Outsourcing Limited failed to correctly apply payments to her debts from her debt management plan (DMP) leading to them harassing her about the debt. She's also says Link failed to properly investigate the issue when she first raised it.

What happened

Ms M has two accounts which Link are currently responsible for servicing.

In January 2023 an account with a company I'll refer to as H was sold to a debt purchaser. This debt purchaser asked Link to service the account. The account with H had been defaulted by H before it was with Link to service.

In June 2023 an account with a company I'll refer to as N was sold to the debt purchaser, who asked Link to service it. The account with N hadn't been defaulted before it was with Link to service.

Ms M said between November 2023 and August 2024 the company who ran her DMP – I'll refer to them as X – made payments to Link using incorrect reference numbers. Ms M says for seven months she was left to sort this matter out and thinks Link and X should have done more to support her. She also wanted the default reported by Link for the account with N to be removed.

Link said X had been making the payments incorrectly using the wrong reference. They said they'd managed to track the payments and used them to reduce her balance. Link also said they had a duty to let her know if there was a problem – so overall didn't think they'd done anything wrong.

Unhappy with Link's response Ms M asked us to look into things. As part of our standard approach, we asked Link for their file of evidence. In responding they noted they hadn't taken any action regarding the default for the account formerly with N – but now would arrange for it to be removed. They said Ms M should be made aware if payments aren't maintained in future, then the account could be defaulted again.

One of our Investigators considered things, and didn't think Link had done anything wrong – so he didn't uphold her complaint.

Ms M didn't accept this – saying Link had ignored her when she told them to look for unallocated funds. And she felt it was fraudulent or grossly negligent business conduct to not return the payments to X. Ms M didn't feel Link were being properly held to account – so the complaint's 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.

Ms M has framed her complaint exactly like this – but just for clarity's sake I wanted to confirm I am only looking at whether Link have acted correctly or not.

I can see our Investigator considered a separate complaint Ms M had about X. They admitted they were at fault for the issues, and our Investigator felt a payment of £350 was a fair outcome for those issues.

So, focusing on Link, what I need to consider is:

- Did Link contact Ms M in a fair and reasonable way
- Did Link do what they were required to when Ms M raised her concerns

Did Link contact Ms M in a fair and reasonable way

There isn't any dispute now that Ms M made all of her payments – for the correct amount and at the correct time – as she was required to do.

But, that wasn't the position Link understood from July 2023 when payments seemingly stopped being made to the account.

Given Ms M had a payment plan in place, I'd expect Link to have contacted Ms M if those payments stopped. And whenever someone doesn't have a payment plan in place, the contact from a debt servicer will continue unless there is a reason not to.

Here, I've reviewed all of the contact from Link to Ms M in terms of the frequency, tone and content of those contacts.

Given no payments were being made, I'm satisfied Link had a responsibility to tell Ms M this – and given they didn't know 'why' no payments were being made, it wasn't wrong to follow their normal process.

Did Link do what they were required to when Ms M raised her concerns

Ms M says she told Link to look for unallocated payments, and they shouldn't have kept them from X.

Link say because of the way X sent the payments, there was no way for them to allocate those payments to Ms M's account as they couldn't tell who the payments belonged to.

I understand Ms M's point, but the problem here was caused by X sending the payment with the wrong references. Given the payments were sent with the wrong references, they would be effectively 'invisible' in terms of tracking them down to allocate them to Ms M. So, I don't think they did anything wrong in not looking at this, nor in returning the payments.

The key issue for me is the advice Link gave to Ms M – which was to speak to X about what'd happened to the payments. I can see Link did this when Ms M got in touch, which I agree was the right next step, so overall I don't think Link have done anything wrong.

I can see Link have subsequently removed the default for the account with N – which is right. The account with H had defaulted before Link began to service the account – so if Ms M wanted to dispute that, she'd need to speak to H directly.

My final decision

For the reasons I've explained above I don't uphold this complaint.

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

Jon Pearce
Ombudsman