

The complaint

Mr W complains that Capital One (Europe) plc ('Capital One') didn't discharge the debt on his credit card account following the completion of his Debt Relief Order ('DRO') in September 2024, and this has shown negatively on his credit file.

Mr W is also unhappy that Capital One sold his account when he'd entered the DRO.

Mr W wants his credit file amending and compensation for the distress and inconvenience he's been caused.

What happened

Mr W's credit card account with Capital One defaulted in November 2022 and they sold the account to a debt purchaser on 19 September 2023.

On 20 September 2023 Mr W entered a DRO and Capital One were notified by the Insolvency Service on 25 September 2023. Following contact from Mr W, Capital One recalled the account from the debt purchaser.

In April 2025 Mr W complained to Capital One that the account was showing as a default on his credit file when this ought to have been updated as discharged when his DRO ended in September 2024.

Capital One didn't uphold Mr W's complaint, saying Mr W would have to contact his Insolvency Practitioner to update them via The Insolvency Exchange ('TIX') that the DRO had ended. Capital One said they'd amend their records and update Mr W's credit file to show the debt as partially settled as of the date the DRO ended, but Mr W would have to contact them again for them to do this.

Mr W referred his complaint to the Financial Ombudsman Service. Our investigator thought Capital One had caused distress and inconvenience by not accepting evidence from Mr W that his DRO had ended. Our investigator didn't find evidence that the delays in updating Mr W's credit file had prevented Mr W from obtaining credit, but he recommended Capital One discharge the debt and pay Mr W £100 compensation.

Capital One agreed, but Mr W sought an ombudsman's decision. He thought £100 wasn't enough for what he'd been through and the impact on his credit file.

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've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I've decided to uphold Mr W's complaint for broadly the same reasons as our investigator. I think Capital One should pay Mr W £100 for his distress and inconvenience and amend Mr W's credit file if they haven't done so already. I'll explain why.

From the evidence I've seen it's clear the sale of Mr W's account coincided with when he applied for his DRO. I think it's likely Capital One sold Mr W's account prior to the DRO being issued, which I think they were entitled to do. In any event I don't think Capital One acted unfairly by recalling the debt from the debt purchaser, or that this took an unreasonable amount of time.

In its document 'Guidance for creditors listed in a DRO' (which is available on the www.gov.uk website) the Insolvency Service says:

"We do not contact you to let you know when a DRO has ended. We will contact you and let you know what happens if we cancel a DRO early or if we extend a DRO."

"We do not write to you if a DRO ends as planned after 12 months."

"At the end of the DRO period, the debts listed in it are 'discharged'. This means that the debts are written off, and the individual will not pay the debt back to you."

So unless Capital One had been contacted about something going wrong with the DRO, I'm of the view they could reasonably rely on it being concluded after 12 months.

I think it was unfair and unreasonable in these circumstances to require Mr W to obtain evidence and ensure it was sent to Capital One in a prescribed manner for his debt to be marked as discharged and for his credit file to be updated.

I've seen from Capital One's contact notes that Mr W went to some trouble to do this and chased them for an update. Mr W also contacted the Official Receiver and I've seen their letter dated 20 June 2025. This states:

"I refer to your recent enquiry regarding the end of the moratorium period applicable to your Debt Relief Order. I can confirm that the moratorium period ended automatically on the 20 September 2024."

"There is no certificate provided or available to confirm completion of the period. At the end of the moratorium period you are discharged from all the qualifying debts specified in the Order..."

Mr W didn't send this letter to Capital One at the time but they have since seen it. Capital One now accept the DRO ended on 20 September 2024 and have agreed to amend their records.

For completeness, and given Capital One agreed to do so in their final response letter, I'm going to require Capital One to update Mr W's credit file in line with the guidance from the Information Commissioner's Office, which says:

"Your record should be closed and marked as partially settled if:

- Your account is included in an insolvency such as a bankruptcy or IVA which is discharged / completed and less than the full amount is paid."*

Turning now to compensation I recognise Mr W feels he's been significantly disadvantaged by the delay in updating his credit file. I am very sorry to learn that Mr W is in crisis and is facing extremely challenging circumstances whilst trying to raise a young family. Mr W has

provided evidence he's been turned down for tenancies and credit agreements and he's cited Capital One's credit reporting to be the cause.

I've thought carefully about this. I've considered that Mr W's DRO will be listed on his credit file for six years and I'm minded to agree with our investigator that this is likely to have a significant impact on Mr W's perceived creditworthiness, even though the DRO has now ended.

I know this will not be what Mr W hoped to hear but I haven't seen enough evidence to persuade me that there is a direct causal link between the delay in updating Mr W's credit file and the trouble Mr W's had getting credit, and the consequential effects this has had on his mental health. So when assessing compensation, I've not taken these factors into account as Mr W hoped.

I think Capital One caused Mr W distress and inconvenience by requiring him to obtain evidence his DRO had completed (which the Insolvency Service doesn't typically issue), send this through TIX and then contact them again for changes to be made.

In these circumstances I think the £100 compensation proposed by our investigator is a fair and reasonable sum of compensation to recognise the trouble Mr W was put to in order to show his DRO had ended.

Putting things right

Capital One (Europe) plc must:

- 1) Pay Mr W £100 for his distress and inconvenience
- 2) Record Mr W's debt as discharged as of 20 September 2024
- 3) Update the Credit Reference Agencies that Mr W's account is closed and partially settled in line with the ICO's guidance (backdated to 20 September 2024).

My final decision

For the reasons I've outlined, Capital One (Europe) plc must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 October 2025.

Clare Burgess-Cade
Ombudsman