

The complaint

Mr P complains that Cabot Credit Management Group Limited (Cabot) incorrectly reported a default on his credit file.

What happened

Mr B had a credit card account with a company I'll call W. Mr B fell behind with his payments and the account went into arrears.

W sold the account to Cabot on 31 January 2025. The information that was provided to Cabot from W was that Mr B's account had been defaulted by them on 3 January 2023. Cabot began reporting the account, including the default, to the credit reference agencies (CRA).

Mr B complained to Cabot about this in May 2025 as he said W had told him the account wouldn't default. Cabot passed the complaint back to W to deal with. W confirmed to Mr B they hadn't ever defaulted the account. Cabot were provided with a copy of W's response dated 15 July 2025 and contacted them for clarification. They didn't receive a response but in early August 2025 they decided to remove the default based on what they knew, and the information Mr B had provided.

Mr B remained unhappy with this, he said the default had affected his credit rating meaning he was only able to obtain high-cost credit and wanted to be compensated for the default appearing on his credit file.

Our investigator didn't think Cabot had done anything wrong and so didn't uphold Mr B's complaint. Mr B disagreed and so the matter has 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.

When a debt is sold from one party to another, the purchaser – in this case Cabot – are entitled to rely on the information that is provided to them from the seller – W. Cabot have provided evidence to show that W told them the account had been defaulted on 3 January 2025. I accept this conflicts with what W told Mr B, and I think it's more likely than not that W made a mistake when passing information to Cabot. But that isn't something I can fairly hold Cabot responsible for because as I explained they were entitled to rely on the information W gave them.

As soon as Mr B contacted Cabot, they raised a complaint on his behalf with W. And based on what I have seen other than a copy of W's final response letter, W haven't communicated with Cabot about the information they originally provided being incorrect, so I don't think it was unreasonable for Cabot to approach W for clarification on what had happened, before making the decision to stop reporting the default.

I understand that Mr B feels the default has restricted his ability to access mainstream lending. He hasn't provided any evidence to support the default was the only reason for this. And, given the card with W wasn't mainstream lending, and it had been in arrears for a number of months before the default was recorded, I'm not persuaded the default was the only thing impacting his ability to access mainstream credit. Even if I was persuaded the default had caused detriment in this way, I think this would be something Mr B would need to take up with W. As it was them that provided the incorrect information to Cabot.

Bringing all of this together I'm satisfied that Cabot did what was required when they took over the responsibility of reporting Mr B's account to the CRAs. And they acted as I would expect when he raised it as an issue with them. So, I won't be asking them to do anything differently here.

I understand this isn't the outcome Mr B was hoping for but my decision brings to an end what we – in trying to resolve his dispute with Cabot - can do for him.

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 Mr P to accept or reject my decision before 20 October 2025.

Amber Mortimer
Ombudsman