

The complaint

Ms B complains Cabot Credit Management Group Limited trading as Cabot Financial are incorrectly reporting a default to her credit file and don't have authority to do so.

What happened

Ms B had an account with a lender I'll refer to as S. Ms B fell into arrears with the account and it was ultimately defaulted in October 2023. S sold the account to a debt purchaser, who then asked Cabot to service the account. Ms B was told about this in a Notice of Assignment (NOA) dated 3 January 2025.

In a complaint previously referred to us about the same account with S, Ms B said it'd been taken out fraudulently. We didn't uphold this issue, but felt S should have recorded the default as 13 October 2022 – instead of October 2023.

When Ms B asked us to look into her concerns against Cabot, she explained:

- Cabot were reporting default balances and dates that don't match with S. This breaches law and means they have no legal basis to report what they are.
- She's not been provided with a Deed of Assignment (DOA) which is legally required
- Cabot haven't provided a true and signed copy of the consumer credit agreement under sections 77-79 of the Consumer Credit Act 1974

Ms B wants Cabot to stop reporting the default to the credit reference agencies (CRAs) and close the account.

In brief, Cabot said they didn't think they'd done anything wrong, said they wouldn't remove the default and overall didn't uphold Ms B's complaint.

Unhappy with this, Ms B asked us to look into things about the account with S, and another provider.

I ultimately dismissed Ms B's complaint against the other provider, but felt it was right to consider her complaint against S. One of our Investigators did so, and found Cabot hadn't done anything wrong.

Ms B didn't accept this. In summary she said:

- The accounts are fraudulent, and Cabot can't rely on S' outcome to blindly process data
- Cabot have only provided a NOA not a DOA, so there is no proof of assignment or evidence the reporting to the CRAs is lawful
- The debt is unenforceable, so Cabot can't continue to report to the CRAs

Overall, Ms B didn't think we'd fairly considered her case as we were required to do. Because Ms B didn't agree with our Investigator, 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.

I think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said 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.

Before explaining my outcome, I wanted to explain how I'm required to do so. The rules that govern our service explain I'm required to take into account the law and rules and regulations amongst other things. But, overall, I'm required to decide things on a fair and reasonable basis.

I can't decide if Cabot have or haven't broken the law on any of the points Ms B has raised. So, if Ms B wants a ruling about whether Cabot have broken the law then she may wish to seek legal advice. As my remit is to consider things on a fair and reasonable basis, I won't quote every law or rule and regulation Ms B has referred to – but I can confirm I've taken them into account.

Dispute over the validity of the account due to fraud

Ms B says the account is fraudulent and has told us her local police accept its fraudulent, as do other bodies. So, Cabot must stop reporting the account to the CRAs because to continue to do so is inaccurate and against data processing law.

To decide Cabot aren't treating Ms B fairly, I'd need to be satisfied there is evidence that continuing to report the account itself to the CRAs is inaccurate – and that there is sufficient evidence of this for Cabot to rely on.

Cabot aren't the correct party to investigate a complaint about fraud on the account. That'd be the original lender, as they were the party who granted the lending.

In this complaint, Ms B has already complained about the account being fraudulently taken out to the original lender – S – who didn't uphold her complaint. She then asked us to look into things, which we did in August 2023. We also didn't uphold Ms B's complaint about the account being fraudulently taken out.

I'm aware Ms B has provided an affidavit to say the account is fraudulent, along with reports she's made to the relevant authorities about the account where she says it's fraudulent. But, I've not seen in any of the information Ms B has provided that anyone accepts the accounts were fraudulently taken out *and* that Ms B shouldn't be held responsible for the account.

In the circumstances, I'm satisfied it's reasonable for Cabot to believe the account is a validly owed account – so I won't be directing them to remove the CRA reporting for this reason.

I can see Ms B has said that just because we've considered things it's not 'final'. She's right, it's not. If Ms B takes the issue of the fraudulent account to court, then I would assume Cabot would be required to carry out any actions as directed by the court.

But, in line with my fair and reasonable approach, I don't think Cabot have acted unfairly on this point as they've nothing to show it's inaccurate to continue to report the account to the CRAs.

Default information

Ms B has shown the default date being reported by Cabot was 13 October 2023 – with a balance of £6,647. This record was updated on 4 May 2025. But, Ms B also provided information to show S had recorded a default on 1 October 2022, with a balance of £5,983.

So, I think it's fair to say Cabot reported the incorrect information to Ms B's credit file about the account with S. But I'd only award compensation against them if I was satisfied they'd done something wrong.

Cabot have provided evidence to show when they took over the account they were told by S the default date was 13 October 2023 and the balance was £6,647. So, I can't reasonably say Cabot did anything wrong initially as they've just reported what S told them.

The outcome we reached on the case against S – where they agreed to change the date of the default – was after the account had been taken over by Cabot.

Because of that, I'd only be able to say Cabot have done something wrong if S told them the updated date of the default, and they didn't change it.

I've not seen anything to show S told Cabot about the updated default date – or the change in balance. Cabot agreed to do so as a result of our involvement.

Bringing all of this together, Cabot were told by S the default date was 13 October 2023. This only changed following an outcome from us to S after the account was being serviced by Cabot – and I can't see S told Cabot about the change of default date or balance. So, I don't think Cabot have done anything wrong in the data they've reported to the CRAs. I am though aware Ms B disputes they should be reporting the account at all, given she believes they're required to provide the DOA to do so.

DOA

Ms B has talked about the law – including case law – as requiring Cabot to provide the DOA. Ms B says because Cabot haven't provided this, then they're not allowed to ask her to repay the debt or report it to the CRAs.

Cabot say this isn't something they're required to provide to Ms B. They say sending the NOA is sufficient.

I'm aware there are some court cases which other consumers said a consumer is entitled to see the DOA – and there are other court cases which businesses say a consumer isn't entitled to see the DOA.

Ms B believes legally she's entitled to the DOA – and if that were the case then I'd expect all court cases to have reached the same conclusion – which they don't seem to have.

I'd also expect debt companies to have sought legal advice on this point as it's one that comes up regularly, and it seems likely to me debt companies wouldn't continue to deny their customers access to this document if the law said they were required in every case to provide it.

In addition, the FCA sets out what's expected of financial businesses in the Consumer Credit Sourcebook (CONC) rules. CONC 6.5.2 says:

(1) Where rights of a lender under a regulated credit agreement are assigned to a firm, that firm must arrange for notice of the assignment to be given to the customer:

(a) as soon as reasonably possible; or

(b) if, after the assignment, the arrangements for servicing the credit under the agreement do not change as far as the customer is concerned, on or before the first occasion they do.

[Note: section 82A of CCA]

(2) Paragraph (1) does not apply to an agreement secured on land.

(3) A firm may assign the rights of a lender under a regulated credit agreement to a third party only if:

(a) the third party is a firm; or

(b) where the third party does not require authorisation, the firm has an agreement with the third party which requires the third party to arrange for a notice of assignment in accordance with (1).

If legally debt purchasers had to provide the DOA to their customers, then I'd expect the FCA to have reflected that in their guidance – but they don't. Instead, they say a NOA is sufficient to say the debt has been transferred from one party to another.

Given all of the above information, I'm not satisfied Ms B's request for the DOA is one Cabot are required to fulfil. So, I don't require them to provide the DOA to Ms B.

In the circumstances, I'm satisfied on a fair and reasonable basis the NOA fulfils its purpose of confirming to someone their debt has been transferred to another party. And I'm satisfied it's sufficient for Cabot to rely on this when contacting Ms B for repayment of the debt and continuing to report the account to the CRAs.

Sections 77-79 of the Consumer Credit Act 1974

Ms B told us her debt is unenforceable, so Cabot can't continue to report the account to the CRAs.

Cabot have told our Investigator they don't have a copy of the credit agreement or statements.

I can't formally decide an account is unenforceable, only a court can do that. But, I don't think it'd be unreasonable if Cabot chose to treat the account as at least temporarily unenforceable until / if this information is provided. With that in mind, I've then thought about whether Cabot are treating Ms B fairly by continuing to report the account even if it is temporarily unenforceable.

Cabot can't currently report to the CRAs that an account is temporarily unenforceable as there isn't a mechanism within the current reporting systems to allow for this. And, even if there was, the CRAs don't currently have a way of displaying this data.

So, while there is an argument to say the data could be inaccurate on Ms B's credit file, to tell Cabot to stop reporting the account completely would arguably be more inaccurate. This is because I'm satisfied the reporting reflects the money owed, and repayment history on the account to date which is factual information. Additionally as I've said, enforceability can only be confirmed by a court, and even if a debt is confirmed as unenforceable, this doesn't mean Cabot can't still ask for repayment or treat Ms B as owing the money.

Even if I accept not reporting the account as temporarily unenforceable causes an inaccuracy I'm not persuaded this leads to any detriment to Ms B for the reasons I've set out above. I've also not seen anything to show Ms B is disputing taking out the account itself. And removing the account information then shows an incomplete picture of someone's credit worthiness – and removing it could also amount to something akin to credit washing which wouldn't be appropriate. So, I don't find it unreasonable in these circumstances for Cabot to continue reporting the account in the way they currently are.

My final decision

Cabot Credit Management Group Limited trading as Cabot Financial have said they'd update the date of default and balance outstanding to be in line with S' reporting. I find this is fair and reasonable in all the circumstances of the complaint.

So, my decision is Cabot Credit Management Group Limited trading as Cabot Financial should update Ms B's credit file to show the date of default and the balance outstanding to be in line with S' reporting – if they haven't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 25 March 2026.

Jon Pearce
Ombudsman