DRN-5878072

The complaint

Mrs N complains that Cabot Credit Management Group Limited ("Cabot") sent a letter to her parents' address requesting repayment of a debt that had been settled more than ten years prior via an IVA.

What happened

Mrs N says that Cabot sent a letter to an old address to demand repayment of a debt that was cleared with an IVA ten years prior. Mrs N says the situation has caused her a lot of stress and anxiety – especially given that the letter was sent to her parents' address. Mrs N says Cabot told her the letter had been sent in error, but it has since ignored her concerns when she has complained about a potential data protection breach, and it has breached the IVA rules. Mrs N says this has caused problems in her marriage and her family now think she is in financial difficulties.

Cabot responded to Mrs N's complaint and upheld her concerns. It said that due to an administrative error, her account had been moved from the department dealing with IVA's to its Customer Operations Department, which had resulted in contact being made. It paid her £100 by way of apology.

Mrs N didn't think the £100 was a fair reflection of the impact the situation had caused her and felt that £200 was a fairer reflection.

An Investigator considered the evidence provided by both parties; however, they didn't uphold Mrs N's complaint. The Investigator said they hadn't seen any evidence to suggest that this account had formed part of the IVA Mrs N had provided evidence of that she entered into in 2006. However, the Investigator found that Cabot had received notification of the account forming part of an IVA in 2015, but it hadn't received notification that the IVA had been completed, and so it hadn't closed the account down – the Investigator didn't think Cabot had done anything wrong here. The Investigator also didn't think that Cabot had done anything wrong in attempting to contact Mrs N at her last known address, and they explained that they didn't think that Cabot had acted unfairly in how Mrs N's data had been handled. The Investigator did agree that Cabot shouldn't have contacted her, however they felt the £100 Cabot had already offered was a fair and reasonable way to resolve the complaint.

Mrs N didn't agree with the Investigator's view. I have summarised her main points below:

- The view is contradictory. If Cabot hadn't received notification that she was in an IVA until 2015, why didn't it chase repayment of the debt? She has only entered one IVA.
- She didn't update her address, as she didn't think she needed to because the account was closed.
- Information about her address should have been destroyed as per data protection legislation. If this had been done, then a letter would never have been sent to her parents' address.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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.

Having considered all of the available evidence, it is my decision that Cabot's offer to pay Mrs N £100 is a fair way to settle this complaint. And I'll explain why below.

It isn't in dispute here that Cabot made a mistake when it sent Mrs N a letter asking her to contact it about an outstanding debt.

I note that there has been some confusion during the investigation of this complaint as to whether this debt formed part of the IVA entered into in 2006. I can see that this debt doesn't appear on the documents Mrs N has provided – but I accept that due to the passage of time, not all the information might be available. In contradiction to this, I can see that Cabot was only notified in 2015 that Mrs N had entered an IVA. I don't know what happened here or why. But I'm satisfied that all parties accept that Mrs N did enter into an IVA at some point - and I'm satisfied that the account has now been closed, so I don't think I really need to comment further on what happened here or why.

I say this because ultimately, the parties agree that Mrs N had entered into an IVA. And they also agree that Mrs N shouldn't have been contacted by letter about an outstanding balance. I can see that Cabot has said that it has now closed this account, and it won't contact her again. So what is left for me to decide is essentially the main crux of Mrs N's complaint, which was the impact to her when a letter was sent to her parents address when it shouldn't have been.

It's seldom straightforward to decide on appropriate levels of compensation for non-financial losses. Not least because the impact on the consumer will be, by its very nature, subjective and difficult to quantify. This Service doesn't award compensation just for a firm making a mistake. We consider the overall impact the mistake has had on a person. When deciding on fair compensation, I have taken Mrs N's comments into account, together with our published approach to compensation for distress and inconvenience, which can be found on our website. Having done so, I'm satisfied that the £100 Cabot has already agreed to pay to Mrs N is enough here.

I say this because I can see Mrs N initially explained she wanted £200 to reflect the impact the mistake had had on her. She broke the award down, as follows: £100 for the mistake itself, £50 for the distress caused and £50 for the effect on her wellbeing and stress in her marriage as a result of the letter being sent.

As I've explained, I can't make an award for Cabot simply making a mistake – it isn't the role of this Service to punish a business just for getting something wrong. Based on Mrs N's breakdown of how much she felt she should get for the impact of the mistake, and when taking into account this Service's published approach, I think what she's said (£100 overall for the impact of the mistake) is fair and reasonable. And because Cabot has already agreed to pay this, I don't think it needs to do anything more to put things right. My understanding is that she hasn't accepted Cabot's offer, so I'll leave it up to her to contact Cabot if she would like to accept it.

I note that Mrs N has raised concerns that Cabot has retained her data for too long, and had it destroyed her personal information in line with data retention legislation, then the mistake wouldn't have happened. A complaint about data retention would be best placed to be dealt with by the ICO. In this case though, because I've already agreed that Cabot made a

mistake in sending the letter, I wouldn't look to increase the compensation even if I were to find that Cabot had kept Mrs N's information for too long – I say this because my role is to consider the impact of the mistake, which I have done so above.

My final decision

Cabot Credit Management Group Limited has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Cabot Credit Management Group Limited should pay £100, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 11 December 2025.

Sophie Wilkinson
Ombudsman