

## **The complaint**

Mr K complains that Cabot Credit Management Group Limited trading as Cabot Financial (Europe) Limited (Cabot) unfairly collected money from him when he couldn't afford it.

## **What happened**

Mr K is complaining that since being in control of his credit card debt Cabot have taken money that is paid to him via pension credit, which is unfair.

Mr K has multiple health issues and has been struggling financially for a number of years and so feels Cabot should repay him any money he has paid towards the debt since 2017, when they took it over. He also wanted the account to be written off.

Mr K complained to Cabot about this and across two different responses they awarded him £150 for some errors they had made but didn't agree to refund him any payments he had made or write off his debt.

Mr K was unhappy with this and so brought his complaint to our service. Our investigator has tried to mediate between the parties and the latest position reached is Cabot have agreed:

- to write off the remaining debt of approximately £13,700 based on Mr K's medical and financial circumstances
- refund Mr L payments made towards the debt from 16 October 2018 equal to £61, which is when they should have made the decision to write off the debt
- Pay Mr L £250 compensation for not considering writing off the debt sooner (in addition to the £150 already paid)

Mr K didn't agree with this outcome and would like Cabot to refund the full amount he has paid them towards the debt which is an additional £320.

As no agreement was reached 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.

It seems to me the only matter left to be decided is if Cabot need to refund all of the money Mr K has paid them towards the debt, as the other matters have been agreed upon.

Mr K has made various arguments about why Cabot should refund him the money he has paid them towards the debt I've summarised these in my own words – they include:

- Cabot gambled, when they blindly bought the debt, that they would be able to collect on it and they had a duty of care to make sure Mr K could afford it.
- they should have been aware when buying a package of debts that some of the debtors would be in financial difficulty
- Cabot shouldn't be taking money from someone only in receipt of pension credits as this is awarded to people to elevate their income to the minimum base level

I've thought about the arguments Mr K has put forward and do understand his point of view, but when considering complaints, I must look at what if anything a business has done wrong. Cabot made a business decision to buy a package of debt, as Mr K calls it. It's true that within that package there may be debts they are and aren't able to collect on, but that is their commercial business model and has no bearing on the outcome of Mr K's case, so I haven't gone into this point further.

In this case when Cabot were appointed to recover the debt Mr K was making regular payments toward the original creditor and the Notice of Assignment letter, he was sent explained he would need to stop paying them and redirect payments to the debt collector (DC) that Cabot had appointed to act for them. It appears Mr K did this as payments continued to be made to DC.

DC contacted Mr K between April 2017 and October 2018 by sending letters. In particular the letter they sent to him in May 2018 was to review his account. But until he called them on 16 October 2018, they hadn't had any contact from him. It was then he told them about both his financial and medical circumstances. So, it was only at this point that Cabot were in a position to make a decision about whether to write off the debt. As it's already been established the right thing for them to have done at that point was to write it off then it follows, they should refund the £61 Mr K paid to them after this date.

I understand Mr K thinks they should go further, but my role is to put him back in the position he would have been in if Cabot had done what they should have – and that is written the debt off in October 2018. It wouldn't be fair for me to ask Cabot to go back to a time before they were aware of Mr K's circumstances, particularly given that he had the opportunity to disclose his circumstances to them sooner, when they were writing to him, and didn't.

Bringing all of this together, I'm satisfied that the offer Cabot has made is a reasonable one in the circumstances of this case and so I won't be asking them to do more. I realise this may come as a disappointment to Mr K but my decision ends what we – in trying to resolve his dispute with Cabot – can do for him.

### **Putting things right**

On acceptance of this decision Cabot should:

- write off the remaining debt of approximately £13,700
- refund Mr K payments made towards the debt from 16 October 2018 equal to £61 plus 8% interest from the date Mr K made the payments until the date he is refunded
- Pay Mr K £250 compensation for not considering writing off the debt sooner (in addition to the £150 already paid)

†Her Majesty's Revenue & Customs may require that Cabot deduct tax from the interest paid to Mr K. If it does and Mr K requests it, Cabot must provide her with a certificate showing how much tax it has taken off, so he may reclaim it if appropriate.

### **My final decision**

For the reasons set out above, I currently uphold this complaint, and I require Cabot Credit Management Group Limited trading as Cabot Financial (Europe) Limited to carry out the actions as set out under the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 January 2026.

Amber Mortimer  
**Ombudsman**