

The complaint

Miss R complains Lowell Financial Ltd (“Lowell”) have contributed to an unfair relationship under Section 140A (s.140A) of the Consumer Credit Act 1974 (CCA 1974) in relation to a debt they’re asking her to repay.

A representative has supported Miss R in bringing this complaint – but for simplicity I’ll just refer to her in this decision.

What happened

I issued a provisional decision setting out what’d happened, and what I thought about that. I’ve copied the relevant elements of this below, and they form part of this final decision.

Miss R held an account with a company I’ll refer to as J. They sold the account to a debt purchaser (DP) on 19 January 2015. That DP asked Lowell to service the account. Lowell’s system screenshots show Miss R owed £634.27 at the point the account was sold, and she’d been making regular payments towards since November 2016.

On 24 December 2024 Miss R complained to Lowell. She said that Lowell’s actions, or inaction, had created an unfair relationship under s.140A of the CCA 1974. She said the unfair relationship was created when Lowell chose to take on the debt from J which they knew had likely come from irresponsible lending practices. Miss R knew Lowell themselves weren’t responsible for the irresponsible lending, but an s.140A complaint encompasses the entirety of the relationship – so Lowell is responsible for any unfairness at any time.

Lowell said the DP had bought the account in January 2015, and didn’t think they were responsible for the issues raised. Lowell said as the complaint relates to the practices of J, they’d forwarded the complaint to them.

Unhappy with this Miss R asked us to look into things.

One of our Investigators did so. She explained the only party who can consider an irresponsible lending complaint here would be J – as they’re the party that lent to her. And a complaint about an unfair relationship could only be considered against the current owner – that’s DP. In Miss R’s case, DP isn’t regulated by the Financial Conduct Authority (FCA). So, overall, she didn’t uphold Miss R’s complaint.

Miss R disagreed with the outcome so the complaint’s been passed to me to decide. I’ll address what I consider to be her key points in the order they’ve been raised.

What I’ve provisionally 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.

I've decided not to uphold this complaint. I understand this will be disappointing to Miss R, but for reasons I'll go on to explain a debt servicer isn't responsible for an unfair relationship complaint. So, I don't find they've done anything wrong.

Jurisdiction – complaints against formerly authorised firms remain in scope

We said because the DP is unregulated, we can't consider an unfair relationship complaint against them.

Miss R has said the complaint was raised 24 December 2024, and the DP became unregulated from 18 August 2025 – so the underlying acts / omissions occurred before the DP became unregulated. As such, we should be able to consider this complaint as we do consider other complaints about the DP where the event happened before they became unregulated.

Miss R is right in terms of the dates and that we'd consider other complaints against the DP where the events occurred before 18 August 2025 when the DP became unregulated.

But, Smith vs Royal Bank of Scotland (2023) UKSC 34 clarified two important points:

- *Only the current creditor is responsible for remedying any alleged unfairness*
- *The date on which any alleged unfair relation is to be judged is either the date the relationship ended, or, when the determination is issued*

What this means in Miss R's case is the creditor is the DP, not Lowell Financial Ltd. And for me to be able to decide a case against them, they have to still be regulated when I do so. As Miss R has found, the DP became unregulated from 18 August 2025. Because of that, I couldn't order DP to carry out any actions in relation to an unfair relationship.

The regulated debt servicer remains within our jurisdiction

Miss R has said even if I can't consider a case against DP, Lowell are still regulated and her complaint also concerns their conduct about collecting and servicing the debt. Miss R adds that s.140A looks at any other thing done, or not done, by or on behalf of the creditor before the agreement. The debt servicer acts on behalf of the creditor, and whether the relationship is or was unfair is a wide fact based query.

As I've set out above, only the current creditor can be held responsible for an unfair relationship complaint – Lowell aren't the creditor. So, they can't be held responsible for an unfair relationship complaint.

In relation to the complaint Miss R raised to Lowell as the debt servicer (not the DP), she makes it clear she's raising an unfair relationship complaint and refers to the DP being the creditor and the party responsible for an unfair relationship – which I agree with as I've set out. If Miss R wants to raise a complaint about the debt servicer's actions, we'd expect her to be specific in her concerns. I haven't seen anything in Miss R's complaint to Lowell about their conduct as a debt servicer. And while we have taken the decision to infer an unfair relationship between a debtor and creditor, it can't be appropriate to apply this same logic to someone who isn't the creditor.

I also don't think it'd be reasonable or appropriate to suggest that an unfair relationship complaint could be made to a non-creditor which then means the individual has raised a complaint about 'all things'. The relevant part of s.140A of the CCA 1974 says:

For the purposes of this section the court shall (except to the extent that it is not appropriate to do so) treat anything done (or not done) by, or on behalf of, or in relation to, an associate or a former associate of the creditor as if done (or not done) by, or on behalf of, or in relation to, the creditor.

But, this law doesn't apply in this case. And, even if it did, I'd consider it fair and reasonable to apply the 'it is not appropriate to do so' exclusion to the concept that a complaint could be made to a non-creditor and the expectation is 'all things' have been complained about. I can't see that being a fair correlation or how that's likely to fairly resolve complaints.

DISP – no cited ground to dismiss without considering the merits

Miss R has suggested we've used the FCA's complaint handling rules, known as Dispute Resolution – or DISP – rules to dismiss this complaint.

But, that isn't correct. What our Investigator and I have done is considered this complaint against the debt servicer and we have found, on the merits of the case, the debt servicer hasn't done anything wrong because they aren't responsible for the specific complaint raised.

What the Ombudsman can do with a s.140A complaint

Miss R has said she understands only a court can make a formal s.140A declaration, but our service looks at complaints through the fair and reasonable lens – and there is nothing to stop us doing so here. Miss R explained the terms of s.140A are deliberately broad, and that courts have confirmed assignees and debt purchasers aren't immune from obligations set out in CCA 1974.

I agree with all of Miss R's points here. We can and do look at complaints regarding an unfair relationship.

But, as I've set out above, that assessment has to be made against a creditor, for our purposes that creditor has to be regulated at the time of the determination – and I can't see Miss R has raised a complaint to Lowell that our service would uphold against them. Miss R could seek further advice about the options open to her to pursue the DP if she wanted to.

Responses to my provisional decision

Lowell replied to say they accepted my decision.

Miss R's representatives said they'd forwarded my provisional decision to Miss R – and they'd be in touch if she replied. No other response was received before the deadline.

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.

Lowell have accepted my outcome, and neither Miss R or her representatives provided any additional comments by the deadline. So, I remain of the same opinion as reached in my provisional decision – Lowell haven't done anything wrong as they're not responsible for the substance of the complaint.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 12 December 2025.

Jon Pearce
Ombudsman