DRN-5953208

The complaint

X complains Cabot Credit Management Group Limited ("Cabot"):

- Have failed to understand the impact of a promissory note sent to the original lender
- Haven't proven lawful assignment of the debt
- Haven't provided a copy of the credit agreement and statements when asked
- Haven't complied with his Data Subject Access Requests (DSAR)
- Are continuing to report a default despite having already paid it off

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.

As I understand it, X took out a credit card with a company I'll refer to as M. The account fell into arrears, and M sold the account to a debt purchaser on 19 March 2025. They asked Cabot to service the account and told X this on 24 March 2025 through a Notice of Assignment (NOA).

X says he issued a promissory note to M which means the debt has been repaid. So, Cabot shouldn't be asking him to repay it. He's said also that no lawful assignment has taken place. X adds no credit agreement signed by him in wet ink has been provided nor statements when asked. X also says his DSAR doesn't include a Deed of Assignment (DOA) or other information it should. And it's inaccurate for Cabot to continue to report the default when he's paid off the account. X has quoted a significant number of different laws, rules, guidance and regulations.

I'll cover Cabot's responses in more detail in the next section – but in brief they didn't think they'd done anything wrong so didn't uphold any of X's complaints.

Unhappy with this, X asked us to look into things.

One of our Investigators did so, but overall felt Cabot hadn't done anything wrong.

X didn't accept this, saying his central concerns were about M. And, in a second response, explained he knows we can't consider M's actions in this complaint, but said it was important the Ombudsman is fully aware of the lawful position regarding promissory notes.

As X didn't accept our Investigator's outcome, the complaint's been passed to me to decide.

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 also think it's important to set out that I won't be considering anything M are responsible when deciding this complaint against Cabot – this includes:

- *Whether M should have accepted the promissory note or not*
- *If M should have sold X's debt*
- *Why the account with M stopped being reported to the credit reference agencies (CRAs)*

Finally, I wanted to set out how I will be deciding this case in light of X's substantial reference to laws, rules, guidance and regulations.

This is set out by the Financial Conduct Authority (FCA) in the Dispute Resolution (DISP) rules.

DISP 3.6.1 says:

The Ombudsman will determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case.

And DISP 3.6.4 says:

In considering what is fair and reasonable in all the circumstances of the case, the Ombudsman will take into account:

(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what he considers to have been good industry practice at the relevant time.

So, as X can see, I'm required to take into account all of the laws and regulations he's mentioned – but ultimately, I'm required to decide things on a fair and reasonable basis. I don't propose to comment on every law X has referred to for these reasons. If X wants a legal analysis about whether Cabot are acting legally then he'd need to seek legal advice about his options.

Cabot have failed to understand the impact of the promissory note sent to M

X says the impact of sending the promissory note to M means the debt has been repaid, so Cabot shouldn't be asking for it to still be repaid.

Cabot says they checked with M whether the debt was still owing, and M told them it was, so don't think they're doing anything wrong.

In general terms, it's not for a debt company to decide if a debt is outstanding or not due to events that occurred with the original lender. So, in those situations, I'd expect the debt company to contact the original lender, and unless there is clear evidence to the contrary, it'd be reasonable for them to rely on the response.

Here, that's exactly what happened. Cabot contacted M to ask if the debt remained outstanding or not – and M confirmed it did. So, at face value, Cabot aren't doing anything wrong in asking X to pay for the debt or do anything else connected to it – such as processing his data.

I appreciate X will say a promissory note sent to M means the debt has been paid. But, M have chosen not to accept that as legal tender. I know X disputes that, but that isn't something Cabot are involved in. From Cabot's perspective, they've been told the debt is outstanding. That said, since the disputes were raised, I can't see Cabot have asked X to repay the debt – and this is as I'd usually expect.

Overall, I don't think Cabot have done anything wrong on this point. It's not for them to decide if the promissory note is valid or not – and they're entitled to rely on M's assertion the debt remains outstanding.

Cabot haven't proven lawful assignment of the debt

X says legally Cabot haven't proven lawful assignment so don't think they're entitled to contact him regarding the debt.

Cabot say they're not required to share a DOA, and as long as they've sent a NOA then they've fulfilled the requirements to prove the debt has been assigned to them.

As I've set out above, I can't decide that any kind of assignment has happened unlawfully, but I can decide this on a fair and reasonable basis.

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.

X believes legally he'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 purchasers to have sought legal advice on this point as it's one that comes up regularly, and it seems likely to me debt purchasers 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).

Again, if the DOA was legally required to be shared, I'd expect the FCA to explicitly set that out. Instead, the FCA only refers to the NOA.

Given all of the above information, I'm not satisfied X's request for the DOA is one Cabot are required to fulfil. So, I don't require them to provide the DOA to X. And I find by providing the NOA to X previously, they've done enough to confirm they're responsible for servicing X's debt.

Cabot haven't provided a copy of X's credit agreement and statements when asked

X says Cabot haven't provided a copy of the credit agreement and statements from M. X adds the credit agreement must have a wet ink signature on it.

Cabot says they've provided a copy of the credit agreement, but X never asked for the statements so they've never provided them. Cabot added the account was taken out online, and there is no requirement anymore for a wet ink signature.

Addressing this point first, I'll reference CONC 13.1.4 which says:

(1) The copy of the executed agreement should be a 'true copy' of the original. However, as confirmed in the case of Carey v HSBC Bank plc [2009] EWHC 3417 (QB), in this context the term 'true copy' does not necessarily mean a carbon, photocopy, microfiche copy or other exact copy of the signed agreement. **There is no obligation to provide a copy which includes a copy of the signature**. (My emphasis).

So, there was no obligation for Cabot to provide X with a credit agreement that included any signature at all. And, given the account was seemingly taken out online, it's unlikely X was ever asked to sign an agreement, so Cabot can't provide something that likely never existed.

Given this, I'm satisfied Cabot weren't required to provide X with a credit agreement that contained a wet ink signature.

Turning now to the statements, X has sent a substantial amount of correspondence to Cabot. In that, I've not seen any request for statements. But, even if he did do so, I'm likely to say there wasn't any significant impact on X by Cabot not providing them.

I say this because X's core issue is the debt itself isn't valid or owing – so I can't see how not sending the statements would impact this concern of X's.

I should add our service has copies of the credit agreement and statements across this complaint and his complaint against M. If X would like these, he can let our Investigator's know and they'll share them with him.

Cabot haven't complied with X's DSAR

X says Cabot haven't complied with his requests for a DSAR.

Cabot say they replied to X's contact on 2, 8 and 9 April 2025 to ask X to prove his identity before they processed a DSAR.

I have seen the emails from Cabot showing they asked X to prove his identity – but I haven't seen any replies from X which responded to the specific questions Cabot asked.

Cabot are expected to ensure they're dealing with the correct party before sharing anything as sensitive as a DSAR – so here I currently can't find they've done anything wrong.

If X has any emails which shows he did reply to Cabot, I'd ask he share them in response to this provisional decision.

Cabot are continuing to report a default to the CRAs

X's concern here appears to relate to the account itself having been paid off – and as such Cabot shouldn't be reporting it.

Cabot say the account hasn't been paid off – which is why they're continuing to report it.

I've established above Cabot are entitled to act as though the account hasn't been paid off at this point. I understand X has an active dispute with M about whether the account has or hasn't been paid off. But I'm not aware of anything which requires Cabot to cease the reporting of a default to the CRAs in situations where a consumer is saying the balance has been settled by a promissory note.

With that in mind, I can't reasonably say Cabot have done anything wrong by not removing the reporting at this point.

Summary

In summary then, I currently plan to say I don't think Cabot have done anything wrong in the way they've dealt with X's contacts, processing of his data, or reporting to the CRAs.

If the outcome of the dispute with M is that the account has been paid off, then I'd expect M to tell Cabot that – and then Cabot would communicate with M about what would then happen.

If the outcome of the dispute with M is that the account remains valid and owing, it's very likely Cabot will ask X to repay the debt. In that situation I'd encourage X to engage with Cabot.

Responses to my provisional decision

Cabot replied to say they accepted my decision.

X replied and didn't accept my decision. My summary of what I consider to be his key points are:

- My own reasoning has confirmed Cabot have no lawful standing – as I've said whether M accept the promissory note or not is down to them. X says a third party can't have greater rights than the assigner possesses.
- A debt in dispute can't be assigned, so Cabot inherited no rights.
- The absence of a DOA proves Cabot hold no title and CONC 6.5.2 confirms only a notice must be issued, not that assignment occurred.
- The CRA removing M's entry proves the debt was defective.

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'd firstly like to thank both parties for their very prompt response to my provisional decision, as that's now allowed me to finalise matters.

I'll address X's points in order.

X says a third party can't have greater rights than the assigner – and he's pointed to my comment about it being M's choice whether to accept the promissory note or not. I have though seen M didn't accept the promissory note – and we've since issued our final decision saying M didn't have to. So, in that sense, I'm satisfied Cabot can reasonably ask X to repay the outstanding debt.

X says a debt in dispute can't be assigned so Cabot inherited no rights. I think this would be more of an issue for M, as they chose to sell the debt. I don't know specifically if X was disputing the debt at the time, but either way I don't think it makes a material difference to the outcome of the case against Cabot. They've been asked to service a debt, and – as above – we've also since decided the debt hasn't been repaid by the promissory note so does remain outstanding.

X says because of the absence of a DOA it proves Cabot hold no title. And the issuing of a NOA is hearsay unless supported by the DOA. I've noted X's points here, but for all the reasons I set out in my provisional decision (above) I don't agree. I'm satisfied Cabot have proven assignment by issuing the NOA.

X says although I've said I can't consider M's actions, the removal of M's account from the CRA is evidence of legal defect in M's own records. As X has said, I can't consider anything to do with M – so although I've noted his point it doesn't change my opinion.

Overall, I'm satisfied Cabot are legitimately asking X to repay this debt and can carry out any reasonable associated actions in doing so – such as contacting X to ask for repayment proposals, processing his data, and reporting the account to the CRAs.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 15 December 2025.

Jon Pearce
Ombudsman