

The complaint

Mr A complains that NCO Europe Limited (NCO) incorrectly reported a default to his credit file and failed to correct this on multiple occasions.

What happened

Mr A had a credit card with a business I'll call V. When Mr A's income changed he entered into a payment agreement with V whereby he paid a set amount each month towards the balance with the understanding when the balance reached zero the account would be closed. In October 2021 V decided to sell the account to a debt purchaser (DP1).

DP appointed a Debt Servicer (DS) to administer the account, who in turn appointed NCO to collect the debt. The account was recorded as being defaulted and this was reported to Mr A's credit file. In January 2024 Mr A complained about this as it impacted his credit rating and his ability to obtain credit at a competitive price. Following consultation with DS, NCO agreed the default should be removed.

In April 2024 Mr A complained again to NCO as the default had reappeared on his credit file. This was passed to DS to deal with who accepted they had made a mistake and not updated all of the credit reference agencies as they should have. DS corrected the issue and compensated Mr A.

The default reappeared again on Mr A's credit file so again he raised the issue with NCO. In the meantime, DP1 sold the account to another debt purchaser (DP2) who appointed a master servicer (MS) in place of DS. But NCO remained the point of contact for Mr A, when dealing with the account.

Over the months that followed Mr A raised the default issue numerous times with NCO and it would be corrected and then reappear. This culminated in NCO offering Mr A a compensation payment of £300, and them saying they had fixed the issue.

Mr A brought his complaint to our service and at the time said the issue still wasn't resolved. Our investigator said they felt the offer of £300 was fair and that NCO had done what they could to resolve matters. Mr A disagreed and said the issue still hadn't been resolved. The matter has now 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. 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. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint.

Since the investigator issued their findings things have moved on. The root cause of the issue has been found – it was a mistake made by MS that was causing the default to reappear. They had given incorrect instructions to NCO about how to report the account for the default to be removed. NCO had been following those instructions.

Mr A said while he was pleased the root cause had been found, he didn't think NCO had done enough to get the matter resolved. He said the whole issue had caused him financial harm in that he had to sell his family car because he wasn't able to obtain credit and suggested he might become homeless as he couldn't obtain a mortgage.

The responsibility of reporting the default to the credit reference agencies lies with the MS here and not with NCO. And so, my role here is, as Mr A has suggested, to decide if NCO did what they should have done when the issue was being raised with them. And I'm satisfied they did. I say this because NCO have provided this service with the email chains between them and MS, showing they were chasing MS for an answer and asking them to look at what was happening. I can see they did this on several occasions, and each time Mr A raised the issue anew they acted quickly to get an answer from MS. Unfortunately for Mr A MS weren't always quick to respond and when they did, they gave the incorrect instructions to NCO.

I understand this led to the default having a detrimental impact on Mr A's credit file for a much longer time, but I can't fairly say that NCO caused this or were to blame. Mr A hasn't provided any evidence to support his claims of financial harm, but I accept this issue could have contributed to any difficulties he had in obtaining credit. But as I have found that NCO have acted fairly here, I wouldn't be asking them to compensate for any losses that Mr A may have incurred. And it follows I think the offer they made to Mr A of £300 compensation for their part in the problem is fair and reasonable in the circumstances.

Putting things right

If they haven't already, NCO should pay Mr A the £300 they offered to him for the trouble and upset caused by their actions.

My final decision

For the reasons set out above, my final decision is that I uphold Mr A's complaint about NCO Europe Limited and now require them 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 A to accept or reject my decision before 29 December 2025.

Amber Mortimer
Ombudsman