

complaint

Mr R complains about the way that Capital One (Europe) plc has managed his defaulted account.

background

Mr R's account defaulted in December 2009. His debt was passed on to different collection agencies before being returned to Capital One and sold on again.

In January 2011, after Mr R wrote to Capital One offering to pay £50 per month, it said it couldn't accept his offer. And his account was going to be transferred to a debt collection agency.

Mr R didn't hear anything further. So he got back in touch with Capital One again in December 2012 asking to settle the debt in full. Capital One said it had no record of his debt or him and couldn't take payment.

Mr R's debt was sold on in July 2014 to a third party, who contacted him shortly after. He's now having financial difficulties. And Mr R says the default on his credit file is causing him problems getting work. But Mr R says he paid off other debts he's had. And he'd have settled this debt as well if he'd been able to put payment arrangements in place when he'd tried to do this.

Our adjudicator agreed with Mr R that Capital One hadn't treated him fairly and reasonably. She feels that Mr R was confused about who to contact to pay his debt between January 2011 and July 2014. And it's Capital One's fault that he hasn't been able to settle his debt sooner. She's recommended Capital One should pay him £500 compensation for what's happened.

Capital One disagrees. It says it couldn't agree a payment arrangement with Mr R in January 2011. But that he could have still made payments to reduce his debt. It said it took longer than expected to sell his debt on. It says if Mr R contacted it around December 2012 to settle the debt, he must have given incorrect security information for it to say it had no record of him.

It also says we can't be sure Mr R would have been able to keep up payments if it had accepted his offer in January 2011. And it's not responsible for him not being able to pay now.

So the complaint has been referred to me.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I've come to the same view as our adjudicator. Here are my reasons:

- I think, on balance, that if Capital One had accepted Mr R's offer to pay £50 in January 2011, then it's likely his account would have been settled around about December 2012.

- I say this because, based on his history of settling other arrangements, Mr R was successfully clearing his debt at that time.
- I've taken into account that Capital One did provide Mr R information about alternative payment methods. And that the debt collection agencies hadn't been successful getting payment. But, it was unhelpful that Capital One told Mr R that it couldn't accept his payment arrangement – but at the same time that he should still pay. And the same letter told him his account had been selected to be transferred – but gave no information about when that would happen. Or who'd take over the account.
- I feel the fact that Mr R continued to try and sort things out with Capital One shows he was genuinely trying to deal with his outstanding money problems. And it's regrettable that Capital One wasn't able to help him overcome the security problems that appear to have been an obstacle to identifying his account and agreeing terms.
- Capital One acknowledges that there was a delay selling his account on after it told him this would happen in 2011. And I can see that it didn't handle his complaint about this as well as it could have done. It passed on feedback to the relevant department about this and apologised to Mr R.

Taking everything into account, I've reached the same conclusions as our adjudicator. I think Capital One is mainly responsible for Mr R not having settled his debt with it sooner. And it's unfair that this is now causing him difficulties when he's trying to change jobs. So I agree that £500 is fair redress in these circumstances.

my final decision

My decision is that I uphold this complaint.

So I direct Capital One (Europe) plc to pay Mr R £500.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or reject my decision before 27 July 2015.

Susan Webb
ombudsman