

## **complaint**

Miss B complains that Debt Managers (Services) Limited ("DMS") hasn't updated her credit file correctly.

## **background**

Miss B had a store card with shop N. Shop N registered a default against Miss B in September 2014. In 2016, Shop N sold the debt to DMS. DMS explained to Miss B that there was an outstanding balance of £74.37 on her account. Miss B says she agreed a repayment plan of £10 per month and she said she paid this for five months as agreed. She believed the debt had then been settled.

Recently, Miss B has been looking to apply for a mortgage. She has found out she has an outstanding debt with DMS and that this has affected her credit file. She complained to DMS as she felt she shouldn't have an outstanding balance on her credit file and that this is what is preventing her from being able to apply successfully for a mortgage.

DMS explained that there was an outstanding balance of £24.37 on her account, if she repaid this it would show the debt as fully satisfied. However it also explained that it didn't register the default against her, and that any default would remain on her credit file for six years.

Our investigator didn't uphold this complaint. He explained that DMS wasn't responsible for registering the default against Miss B and explained that this would remain on her account for six years. He also explained that there was nothing to suggest the credit file wasn't accurate. It appeared that Miss B did still owe £24.37.

Miss B disagreed. She explained that she set up her repayment plan by direct debit and when this stopped she wasn't notified that she had an outstanding balance. She also believes that it is this outstanding balance of £24.37 that is affecting her credit file as the debt should have been shown as satisfied some time ago. She asked for an ombudsman's decision so the complaint has been passed to me.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm not upholding this complaint for similar reasons to the investigator.

### *default*

The default in relation to this account was applied to Miss B's credit file in 2014 by the original creditors. This will remain on Miss B's credit file for six years. It wasn't DMS that registered this default. But I can see it has told Miss B that the default is due to remain on there for six years from the date it was registered. This is usual practice for defaults registered on credit files.

### *outstanding balance*

Miss B believes that she had repaid her debt – and the fact that £24.37 remains outstanding is the reason that she's unable to successfully apply for a mortgage. But I can't see any

evidence to suggest Miss B was told she had satisfied her debt. I can see that in 2016 DMS agreed with Miss B to a repayment plan to repay £74.37. It was agreed that she would pay £10 per month for six months and then a final payment of £4.37. But it looks like Miss B only paid five of her repayments, so the outstanding balance of £24.37 is correct.

Miss B says she paid by direct debit and when this stopped she believed the debt to have been settled. But I can't see that she set up a direct debit, it appears she paid her instalments manually and on different dates each month. I've considered the file notes that DMS has sent us and there's no record of Miss B being told her debt would be settled after repaying £50.

I understand the frustration Miss B must feel being in the position of trying to buy a property, but from what I can see her credit file is accurate in relation to this debt. I can also see that over the year that Miss B spent complaining to DMS it informed her that she would have to repay the outstanding debt to have the account marked as fully settled on her credit file. But I don't think this is the only reason she isn't able to get a mortgage, she has a default in relation to this account, which will remain on her credit file until next year – after six years of it being there. Repaying the money owed wouldn't remove this default any earlier.

In summary I don't think that DMS has made an error on Miss B's credit file.

#### *complaint handling*

I have noted Miss B's complaints about the communication she received from DMS during her complaint, and the time it took for her to get a response. But complaint handling isn't something that is regulated, and so isn't something I have the power to consider. But I can see that DMS kept her updated and gave her the opportunity to contact this organisation at the point it needed to.

#### **my final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 June 2019.

Charlotte Wilson  
**ombudsman**