

complaint

Miss B complains that Arrow Global Limited is wrongly recording on her credit file information about a debt she has.

background

Miss B had a debt on a catalogue account which was assigned to Arrow Global in 2012. Along with some other debts, she had begun paying it off through a debt management plan (DMP). She is concerned that the record on her credit file wrongly shows that the account was opened in 2012, and that the account was not defaulted. She says that it was, or should have been, defaulted by the catalogue company back in 2009. She says that the debt should therefore no longer appear on her credit file.

Our adjudicator said he would ask Arrow Global to amend the date of account opening. But that he didn't think he could ask Arrow to do more. He said that although Miss B had been sent a notice in 2009 to say the account might be defaulted, instead the catalogue company had allowed Miss B to make reduced payments. There was no need to default the account when there was a repayment plan.

Miss B disagreed. She said that the default notice sent in 2009 had said specifically that the account would be defaulted if it was not settled or a repayment plan made within seven days. The initial token payments she made had not been agreed with the catalogue company: she had just been advised to make them by the organisation advising her on her debts. And they had not been made within seven days. The catalogue company had led her to think her account had been defaulted, and that had been an important factor in her decision to enter into a DMP. She had been advised that her credit file would begin to repair after six years as the defaulted accounts were removed. Had she known anything different she would have dealt with her debts differently. Now her credit file, and her ability to get credit, would be adversely affected for years to come.

my provisional decision

After considering all the evidence I issued a provisional decision to both parties on 8 June 2016. I shall summarise my views.

I was satisfied that the account was not actually defaulted in 2009. Though I could understand why Miss B would have thought from the default notice in August 2009 that it had been. As she said, the original notice did not say her account *might* be defaulted, but that it *would* be defaulted if she did not pay off the debt or make a satisfactory repayment arrangement within seven days. From information the catalogue company sent to Arrow, she paid £1 over a fortnight later and another £1 a month after that, before beginning to pay £8.91 a month. (I thought that was when her DMP was set up).

The catalogue company might not have got round to registering a default before Miss B set up her DMP a couple of months after the default notice, and might have thought it was acting in her interests by not doing so. But Miss B had other accounts which were defaulted around then. When she was not going to be able to pay off her debts in six years, it was not in her interests to have some defaulted and others not. And a credit reference file should give a fair reflection of the consumer's payment history.

Guidance from the Information Commissioner in 2007, which applied at the time, said that a default should normally be filed where full payments due had not been received for six

months. If adequate payments were made under a DMP, that should be shown rather than a default. But if the payment in the DMP represented only a token sum, the account should be recorded as defaulted. Miss B was already over £200 in arrears on a debt of about £1,400 when the default notice was sent in 2009. And the amount Miss B had been paying off under the DMP had not been sufficient to pay off the debt within six years. So I thought the payments could only be seen as having being at that token level. I thought that the account was at least six months in arrears by the end of 2009 and, given the payment levels, should have been defaulted. I noted that most other accounts in the DMP do seem to have been defaulted: suggesting that other businesses interpreted the Information Commissioner's guidance in that way.

Arrow Global only acquired this account (and became responsible for reporting to credit reference agencies) after these events. I was not sure I could expect it to have gone into as much detail as I have, when deciding how to report on this account.

But I thought this account should have been defaulted back in 2009. Therefore I thought it would be fair and reasonable for Arrow Global now to remove the record from Miss B's credit reference file - as it would have done by now if the account had been defaulted then.

So, subject to any further comments or evidence received from Miss B or Arrow Global my provisional decision was to uphold the complaint and require Arrow Global to remove the record of it from Miss B's credit record.

Arrow Global did not respond. Miss B responded asking me to consider awarding her compensation for distress and anxiety caused by the situation. She said that if Arrow Global had looked at the information from the catalogue company thoroughly when she first complained, the outcome may have been different and saved much worry and anxiety. She accepted that Arrow Global couldn't be expected to have gone into as much detail as I did about the situation when it took over the account in 2012, but felt it should have done after she complained. She felt Arrow Global had not made the complaint process easy. She also referred to a second complaint she had made to Arrow Global since the one covered in this complaint, saying the circumstances of that had increased the anxiety about an already stressful situation.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can appreciate why the issues over her credit record have been a source of significant anxiety to Miss B, and why she would have liked them resolved more quickly and easily. But in this decision I can't take into account anything relating to the second complaint. Arrow Global (or its agent) did respond reasonably promptly to Miss B's concerns on this first complaint. The issue here was essentially about the status of the account when owned by the catalogue company, not what happened after Arrow Global owned the account. My earlier comment, about not necessarily expecting Arrow Global to have gone into as much detail as I had, also applied to the situation when Miss B complained (not just to the situation when Arrow acquired the account). Arrow Global did check with the catalogue company. That matters were not clear cut is illustrated by the fact that our adjudicator did not recommend upholding the complaint. So while I still think it is fair and reasonable for me to ask Arrow Global to remove the account from Miss B's credit record, I don't think it would be

fair for me also to ask it to pay Miss B compensation for anxiety caused by how it dealt with her concerns.

my final decision

My final decision is that I uphold this complaint. In full and final settlement I order Arrow Global Limited to remove the record of this account from Miss B's credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 30 August 2016.

Hilary Bainbridge
ombudsman