

complaint

Mr and Mrs R complain that Cabot Financial (Europe) Limited is chasing them for repayment of a debt which has already been settled.

background

Mr and Mrs R agreed a loan in 2007 secured on their home. The account defaulted in 2010 and Mr and Mrs R made reduced monthly payments through a debt collection agency until July 2014 when Cabot purchased the debt from the original lender. Mr and Mrs R say a third party business dealt with the debt on their behalf and they understood it had been settled.

Our investigator didn't recommend that the complaint should be upheld. He couldn't conclude that the debt had been settled and so it wasn't unreasonable for Cabot to seek repayment.

Mr and Mrs R didn't agree saying, in summary, that they paid another business to deal with the debt on their behalf and that this should be investigated and that something should be in place to help them.

my findings

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

Mr and Mrs R don't deny they agreed a loan. But they paid a business a fee to negotiate with the lender on their behalf. They understood the debt had been settled. But unfortunately I can't conclude this is the case. Although they paid a fee to a business, I've not seen any evidence that this business contacted the lender. There's no evidence that the loan was settled or written off. So I find the debt is still outstanding and Cabot has not acted unreasonably or unfairly in instructing its agents to collect the debt on its behalf.

I do sympathise with the position in which Mr and Mrs R find themselves. They are free to complain to the third party business to try to get a refund of the fee they paid. But it seems that the business has ceased trading and has no assets to meet any claims against it.

my final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 31 August 2017.

Elizabeth Dawes
ombudsman