

complaint

Mr D complains about a default on his credit file. He wants MKDP LLP to remove it and to agree to a repayment plan he offered.

background

Mr D had a bank account which was overdrawn by over £450. In 2011 his bank closed the account and sold the debt to a debt collection agency, which in turn sold it to MKDP in 2013.

Mr D says that the default on his credit file is wrongly dated 2011. He says it's wrong because the bank never defaulted him, so it should be dated from when MKDP defaulted him. But he also says that since he never had a payment agreement with MKDP, it should never have registered a default against him in the first place.

In 2013 Mr D offered to pay £150 in settlement of the debt. MKDP refused, but offered to settle for £275. Mr D also complains about that.

MKDP did not accept any of these complaints, but it did recognise that it took too long to respond to them and apologised. Our adjudicator agreed, but also suggested that MKDP pay Mr D £75 compensation for the delay. MKDP agreed to this, but Mr D asked for an ombudsman to review his case.

my findings

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

The bank has told our adjudicator – and Mr D in a letter it sent him in May 2015 – that it *did* register the default against his account. I believe this to be true because that is what a bank would usually do when it closes an overdrawn account and sells the debt. In fact, that is what a bank is supposed to do, because it has a duty to make sure that its customer's credit file is accurate. That happened in 2011, so the default is correctly dated.

It might help Mr D if I explain about what happens once a bank has sold a debt to a third party. The bank records the default on its account as satisfied so that the new company can take over as the new legal owners of the account. That is why the default is shown as being with MKDP instead of with the bank, even though the default was there before MKDP became involved.

Because MKDP now owns the debt, it has the same right to be repaid as the bank did when the bank owned the debt. So it is entitled to keep the default on Mr D's credit file, and entitled to decide whether or not to accept a payment to settle the debt for less than it is owed.

Finally, I think that £75 is fair compensation for the delay.

my final decision

My decision is that MKDP LLP must pay Mr D £75.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 3 August 2015.

Richard Wood
ombudsman