

complaint

Mr V complains that Cabot Financial (Europe) Limited (the business) recorded a default on his credit file while he was maintaining his payments under a repayment plan. He says that he did not receive any letters saying that his account was in arrears or that a default would be recorded.

background

Mr V's account was purchased by the business in December 2010. At this time his account had a repayment plan set up and Mr V was making payments of £19.74 per month towards his outstanding debt.

Mr V says that he made the payments required via his debt management payment. He says that he didn't miss any payments and was not aware that his account was in arrears. He says that he didn't receive any letters from the business about the arrears on his account or a notice of default.

The business says that after purchasing Mr V's account it honoured the payment plan that was in place. It says the first payment was made for the agreed amount but after that the payment amounts were reduced. It says that it contacted Mr V's debt management company in January 2011. It says it did not receive a response to its query but that on 8 February it received the same reduced offer.

The business says that because the payments made to the account were less than the contractual amounts arrears built up. It says it sent Mr V a notice of arrears in January 2012 and then on many occasions after this. It says that because no response was received a notice of default was issued to Mr V in June 2014 and a notice of termination in July 2014. The business says that it recorded the default correctly. It did however say it could reconsider this position if Mr V's debt management company accepted responsibility for reducing the payment amount and failing to co-operate with it.

The adjudicator said that the business has provided copies of letters sent to Mr V's home address which showed his account was in arrears and set out the minimum payment required. She said there was nothing to suggest these were returned undelivered. The adjudicator said that the business did not accept the offer made by Mr V's debt management company in January 2011 but that an offer was accepted in February 2011. She said it was unclear as to which offer was accepted and that it could have been the payment plan that was in place with the previous account owner. She said that Mr V was sent a default notice and a letter saying that the account had been terminated and a default registered. Because of this she did not recommend that the business remove the default.

Mr V did not accept this. He said he had maintained the payments via his debt management company and so his account should not have been in arrears. He says he did not receive notice of the arrears or default and that the business should have tried to contact him or his debt management company another way to make sure he was aware of the situation. Mr V says that because he works in finance this could have implications for his employment.

my findings

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

Mr V had a payment plan set up when his account was purchased by the business in December 2010. A payment in line with this plan was made in January 2011 suggesting that this was an accepted payment plan. However, after this date a reduced payment was made. I accept that Mr V was making the payments he thought were required via his debt management plan at this time.

The business' system notes show that Mr V's debt management company made an offer of a reduced payment amount in February 2011. There is then a note saying that a repayment plan was created and then authorised. However it is not clear from the information provided as to whether the authorised plan was for the reduced payment amount or the payment amount that was in place when the business took over the account. Unfortunately further details about this are not available. However, even if a reduced payment was accepted this does not necessarily mean that a default could not be recorded.

The business has provided copies of the arrears notices sent to Mr V and Mr V has confirmed that his address has not changed. It has also sent copies of the notice of default and the letter saying that Mr V's account has been terminated. The notices of arrears and of default set out the action Mr V needed to take. The default notice also clearly sets out that if payment was not paid then default information would be registered with the credit reference agencies.

I understand that Mr V says he did not receive any of these letters. However, having seen the copies of the letters provided by the business, I find it reasonable to accept that these letters were sent.

Mr V has said that the business should have contacted him via another route when he did not respond to the arrears letters or it should have contacted his debt management company. While I understand Mr V's frustration that this did not happen, I find that the business did what was required of it by contacting the debt management company upfront about the reduced payment offer and then by sending arrears letters and the default notice directly to Mr V.

Overall, I find that the business did provide Mr V with enough information about his account to allow him the opportunity to prevent a default being recorded. Because of this I do not require the default to be removed.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr V to accept or reject my decision before 22 June 2015.

Jane Archer
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