

complaint

Mr J complains that Lowell Portfolio I Ltd pursued him for repayment of a debt that he didn't owe and that it won't remove the defaults from his credit file. He also complains about the poor level of service he's received.

background

The debt relates to two loans which Lowell bought from the original lender. But Mr J says Lowell hasn't provided any information about the debt and it has agreed that it is settled.

Lowell says there were two loans in Mr J's name and defaults were correctly recorded by the original lender in October 2013. Following Mr J's complaint, Lowell wasn't able to provide him with any information about the debt so, as a gesture of goodwill, it closed the account in April 2015 and stopped any further recovery action.

Our adjudicator concluded that there was no obligation on Lowell to remove the defaults. But she thought the accounts should be shown as settled and closed on Mr J's credit file. She thought Lowell had provided a poor level of service and should pay Mr J £100 compensation.

Lowell didn't agree. It said, in summary, that:

- Mr J knew he owed money and that defaults had been registered and he knew the debt had been assigned to Lowell.
- When it agreed to close the account and not pursue Mr J for payment, it didn't say that the debt had been settled and it didn't agree to remove the defaults from his credit file.
- Mr J's credit file is a true and accurate reflection of the accounts and it would be wrong to show them as being settled. Lowell will still accept payment of the outstanding balance from Mr J – and his credit file will then be updated.

my findings

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

When Mr J contacted Lowell it couldn't provide information about the debt that it said he owed. But the original lender was able to send us some information from which it seems, more likely than not, that the accounts had defaulted. So I don't find there's any obligation on Lowell to remove the defaults from Mr J's credit file.

Lowell accepted, in its letter dated 14 April 2015, that there had been a delay in it providing the documentation Mr J had asked for about the debt. As a gesture of goodwill it decided to close the account and stop any further recovery action. It hasn't written off the debt, so it shouldn't be shown as fully settled on Mr J's credit file. I think the fairest, and most accurate, way of reflecting this on Mr J's credit file is to show the account as "partially settled" and closed.

I agree with the adjudicator that Lowell didn't provide a good enough level of service and failed to explain why it couldn't remove the default. So I think it should pay Mr J £100 for the trouble and upset it's caused.

my final decision

My final decision is that Lowell Portfolio I Ltd should:

1. Amend Mr J's credit file to show the account as partially settled and closed with effect from 14 April 2015.
2. Pay Mr J £100. For the avoidance of doubt, this should be paid directly to Mr J and not used to reduce the debt.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 18 April 2017.

Elizabeth Dawes
ombudsman