

complaint

Mr C complains that Arrow Global Limited ("Arrow") is chasing him for payment of a debt he doesn't owe it. He wants Arrow to admit he doesn't owe the debt and correct his credit file.

background

It appears that Mr C had two credit cards with a credit card company. In August 2010, he was in financial difficulties and wrote to the credit card company. He acknowledged that he owed £4,378.70 on one card, and £4,339.57 on the other card. He asked the credit card company to freeze the accounts to stop further interest and charges accruing, and offered to pay £1 per month on each card to reduce what he owed.

Arrow says it bought the first account from the credit card company on 30 September 2010 when the balance owed was £4,377.70. It bought the second debt from the credit card company on 20 August 2010 when the balance owed was £4,339.57. Its records show it sent notice of the assignment of the two debts to Mr C in September 2010.

After the debts were assigned, it seems there was some correspondence between Arrow and Mr C, but no further payment was made. In May 2016, Mr C complained to Arrow that he owed no debt to Arrow, and the entries on his credit file showing the above two debts should be removed.

Arrow said it had bought the debts from the credit card company and had notified Mr C in September 2010. So he owed Arrow the money. The defaulted debts would remain on his credit file until 30 July 2016.

Our adjudicator didn't recommend that this complaint should be upheld. He said Arrow had produced a copy of a credit card agreement with the credit card company, and notice of assignment, for one of the debts. So he thought that debt had been validly transferred to Arrow.

It hadn't produced similar documentation for the second debt. But on the basis of Mr C's letter to the credit card company in August 2010 acknowledging both debts and offering to pay £1 a month for each, he thought this debt was also now owed to Arrow. So he couldn't say that Arrow should stop chasing Mr C for the two debts, or shouldn't show them on his credit file.

Mr C responded to say, in summary, that:

- Arrow hadn't provided proof it had bought the second debt. The letter he had written to the credit card company wasn't proof that he owed anything to Arrow;
- if Arrow had bought the first debt, it was no longer outstanding and he didn't owe anything; and
- six years had passed since the defaults were registered on the loans. So would they now be removed from his credit file?

The adjudicator said he would ask for any evidence Arrow had about the second debt. However the fact that Arrow had bought a debt from the credit card company didn't mean it had been written off. Arrow still had the right to pursue Mr C for it. He said Arrow hadn't given

any indication that the debts were due to be written off or become statute barred. Only a court could say a debt had become statute barred.

my findings

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

First of all, I think the evidence confirms that Mr C did owe the two debts to the credit card company – his letter in August 2010 acknowledges as much. I am satisfied on the evidence Arrow has produced that the first debt was transferred to it. Although I haven't seen similar evidence for the transfer of the second debt, I think from Arrow's records it is most likely that this debt was also transferred to Arrow.

So I think, on balance that Mr C does owe Arrow the amount of both debts, and Arrow was entitled to record both these debts on Mr C's credit file.

A default should be removed from a consumer's credit file six years after it was first registered. Arrow acknowledged this in its response to Mr C's complaint. It seems that since Mr C brought this complaint, this period has now elapsed. So I would expect that Arrow would now remove the record of these two debts from Mr C's credit file, if it hasn't already done so. If it doesn't, Mr C can bring a separate complaint about this to us.

This is a different matter from saying that that Mr C doesn't owe the money any more. Under the Limitation Act 1980, a creditor may be barred from pursuing a debt if six years have passed from when the cause of action arose. However, this is a technical area, and this service can't rule on whether or not a debt has become statute barred. Only a court can do this. So I can't say that Mr C no longer owes the money simply because of the time that has passed.

my final decision

My decision is that I don't uphold this complaint, and make no order against Arrow Global Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 October 2016.

Lennox Towers
ombudsman