

complaint

Mr T complains that his credit card provider, CCUK Finance Limited, sold a debt that he didn't really owe them, to a third-party company – who'll I'll refer to as A. And that CCUK later delayed sending a refund he was owed on to A to clear that debt. He's also unhappy about a default on his credit file relating to this card.

background

Mr T took out a credit card with CCUK in September 2002. When he was sold the card, he was also sold a Payment Break Plan (PBP).

The account was then sold to A in December 2014 with an outstanding balance of £1,747.03. By that point Mr T had paid £1,044.89 in fees for the PBP. He'd also incurred default fees totalling £1,120.

Mr T made no repayments after January 2015 and a default was registered by A in November 2015 when the balance was £2,448.

In April 2017 CCUK agreed to refund the PBP charges and default fees plus interest. They did this as a gesture of goodwill and without admission that the PBP had been mis-sold or that any fees had been wrongly charged. The total refund came to £11,896.86. The outstanding account balance at that point was £1,600 so CCUK sent Mr T a cheque for £10,296.86 and said the outstanding account balance he owed to A was now £0.

In July 2017 A explained that it wouldn't be removing the default marker because, regardless of the PBP charges and subsequent refund, Mr T had still failed to make the minimum payments required in 2015, and the default was applied correctly.

Mr T complained to CCUK in February 2019 that the PBP refund still hadn't been applied to reduce the outstanding account balance; the balance with A was showing as unsatisfied on his credit file. Mr T added that the debt should not have been transferred to A in 2014 because the balance should have been showing as in his favour.

CCUK apologised and in July 2019 agreed to clear the balance with A. Mr T's credit file now shows the debt was satisfied on the same day as the default (i.e. in November 2015).

Mr T brought his complaint to us. He said the account should never have been sold to A and that the default on his credit file had been unfairly applied because it was the PBP charges that had led to his financial difficulties and caused him trouble in making the repayments. He said the default on his credit file had made raising the capital he needed for his business more expensive (higher interest), and he said he wanted A to remove the default. He said CCUK were at fault because they'd failed to settle the outstanding balance in April 2017 as they'd said they would; thereby prolonging the length of time the default remained unsatisfied on his credit file.

Our investigator's view

Our investigator partly upheld Mr T's complaint. She said the default should have been marked as satisfied in 2017 but that CCUK had delayed in clearing the outstanding account balance until July 2019. As for the impact of this delay, she noted that Mr T had taken out new mortgage products in June 2019, *before* the debt to A showed as satisfied, but she

didn't think it was likely CCUK's delay had made getting those mortgage products harder or more expensive for Mr T. She said this because Mr T's credit file showed other defaults that weren't satisfied until *after* he'd taken the mortgage products out. For the distress and inconvenience caused by the outstanding debt continuing to show as unsatisfied between May 2017 and July 2019 the investigator asked CCUK to pay Mr T £200.

Our investigator also said it was unlikely the charges for the PBP had been the cause of Mr T falling behind with his repayments in 2015 and noted that his credit file shows he defaulted on several other accounts around that time. She also explained that CCUK were entitled to sell the debt to A in 2014 as there was an outstanding balance.

Finally, she didn't think the default should be removed from Mr T's credit file; she thought it had been correctly and fairly added in the circumstances.

CCUK agreed to pay Mr T £200. But Mr T didn't agree with the outcome. He said he's not interested in compensation for CCUK's delay in clearing the outstanding balance. What he wants is for the default to be removed from his file because the PBP refund means CCUK owed him money in 2014/2015, not the other way around, and they sold a debt that did not really exist to A.

So, the complaint has been passed to me to decide.

The scope of this decision

When I reviewed this complaint, I identified that it was A that registered the default on Mr T's credit file, not CCUK. It's therefore been explained to Mr T that I can't look at his complaint about the default in this decision. I can only look at his complaints against CCUK; namely, his complaints that CCUK sold a debt to A in December 2014 that he wouldn't have had but for the "*erroneous*" PBP charges and, later, failed to send a portion of the PBP refund to A to clear the outstanding balance until July 2019.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same outcome as our investigator, and for broadly the same reasons.

In December 2014 Mr T owed CCUK almost £1,750 and they sold that debt to A. Mr T says this shouldn't have happened because the subsequent PBP refund he's received means there was, in effect, no debt for CCUK to sell to A in 2014. But as Mr T's debt wasn't solely made up of charges for the PBP I can't agree that there wouldn't have been any debt in 2014 if the PBP hadn't existed. As the investigator said, I don't think the PBP charges are the reason Mr T was unable to make his repayments.

From the account statements I can see that Mr T had used his card to make purchases and withdraw cash between October 2002 and September 2006 and had been charged interest on those transactions. He'd also been charged default fees over that period.

He stopped using the card for new spending in September 2006, but his repayments between then and December 2014 were often less than the combined merchandise interest and default fees; so, the balance wasn't reducing. With this level of repayment and interest

continuing to accumulate on the outstanding balance, I can't say for certain that if there had been no PBP charges there'd have been no debt for CCUK to sell to A in December 2014.

It's also the case that at the time of the sale, 2014, there was no dispute about the PBP. Indeed, there's still been no admission by CCUK that any fees – PBP or default – were wrongly charged. So, I don't think CCUK did anything wrong by selling Mr T's debt to A when they did. It was a valid debt owed to CCUK by Mr T at the time.

Mr T is also unhappy that when CCUK agreed to refund the PBP fees, all the default fees charged on the account, and the interest applied to those fees, they didn't clear his debt with A as they said they would. In fact, it took CCUK until July 2019 to action this refund because of some unspecified "*confusion*" on their part.

I agree with the investigator's assessment that this delay was unacceptable and led to the default A had placed on Mr T's credit file showing as unsatisfied for just over two years longer than it should have. But I also note that Mr T's credit file has now been updated and shows the debt as having been satisfied on the same day as the default, in 2015. This change, along with the £200 payment CCUK have agreed to pay for the distress and inconvenience caused to Mr T by their delay is, I think, a fair remedy. I don't think there's any evidence Mr T was caused financial detriment by this delay. I say this because even if CCUK had made the payment to A and A had updated the default as satisfied in May 2017, Mr T's credit file in 2019 (when he was applying for mortgage products) would not have been free from defaults.

As I've said, I can't look at what's at the heart of Mr T's complaint – the fact a default was registered and remains on his credit file in relation to this card. I appreciate that Mr T will find this disappointing. But the owner of the debt since December 2014, A, is responsible for its own actions and CCUK neither applied, nor can arrange for the removal of, this marker. So, it's simply not something I can make a finding about in this decision which is solely about CCUK.

my final decision

I partly uphold Mr T's complaint. If they've not already done so, CCUK Finance Limited should pay Mr T £200 for the distress and inconvenience caused by their delay in settling Mr T's outstanding balance with A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 11 April 2021.

Beth Wilcox
Ombudsman