

## **complaint**

Mr M complains that his credit file contains incorrect records from Link Financial Outsourcing Limited (Link) relating to a debt that is no longer being pursued.

## **background**

I understand that Mr M took out credit with a third party, and was unable to maintain payments on the debt. In late 2016 the debt was sold to Link.

Following information received about the customer's personal circumstances, in May 2017 Link confirmed that it would make no further attempts to collect payment.

Link did stop all collections activity, but Mr M then expressed concerns that his credit file continued to show an active balance and default on his record.

Link explained that the debt was still outstanding, and that the "write-off" referred only to an internal commercial decision not to pursue it. As such, Link said the credit file records were an accurate reflection of the position.

Mr M disagreed and brought the complaint to this service. Our Investigator found that, as the debt was no longer being pursued, Link should've recorded the account as "partially settled" and asked Link to amend the file, and pay Mr M compensation for the trouble and upset he had experienced.

Link didn't agree, so the complaint has been passed to me for a decision.

## **my findings**

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

I have some sympathy for Link's position in this case. Had it continued pursuing Mr M for the debt, as it was entitled to do, then the account would remain active and in default. And Link feels that its commercial decision not to pursue the debt is different from an agreement to settle the account by writing-off the debt, and that the credit file records should reflect that.

However, in the interests of fairness and consistency, the same broad approach should be applied to all customers in similar situations. So in deciding what's fair and reasonable in this case, I've taken into account guidance issued by the Information Commissioner's Office (ICO). This guidance says that:

*"...if a debt has not been paid off in full we do understand that the lender may be reluctant to mark a credit file as 'satisfied'. However, where an organisation has decided to stop pursuing a debtor for payment, it would appear unfair to show that money is still owed under the account."*

*In these circumstances, we would generally expect an organisation to indicate the situation on an individual's credit file, in some way. Organisations will usually mark an account as 'partially settled' or 'partially satisfied'. This shows any lenders searching your file that you are no longer being pursued for the debt but also that the debt was not fully repaid."*

Link has confirmed that it has stopped pursuing Mr M for the debt, and that he will not be held liable for it – now or at any future point. As such, I think description set out above is an accurate representation of this case, i.e. Mr M is *“no longer being pursued for the debt but also...the debt was not fully repaid.”* So, given the particular circumstances of this case I think Link should follow the ICO guidance and mark the account as *“partially settled”* or *“partially satisfied”*.

In addition, given Mr M's personal circumstances (which Link were aware of), I think the failure to follow this guidance had caused Mr M unnecessary stress at a difficult time in his life. So I agree with our adjudicator that £250 would be fair and reasonable compensation for the trouble and upset Link's decision caused him.

### **my final decision**

It is my final decision that I uphold this complaint and order Link Financial Outsourcing Limited to ensure Mr M's credit file is amended in accordance with the ICO guidance set out above. For clarity, this means Link should record the debt as 'partially settled' or 'partially satisfied' from May 2017. Defaults relating to this debt after May 2017 should be removed. Link should also pay Mr M £250 in recognition of the trouble and upset he's experienced as a result of this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 January 2018.

Clair Bantin  
**ombudsman**