

complaint

Mr P complains that Paragon Finance PLC are unfairly pursuing him for payment of a debt they bought.

background

Mr P took out a credit card account with a bank in 2004. In early 2013, the bank formally notified him they'd sold the debt accumulated on that account. The bank have confirmed the debt was sold for just over £5300.

Mr P made regular payments to Paragon until around September 2017. At that point, they agreed a three month break in payments, but have since contacted Mr P regularly to ask him to repay the debt.

Mr P thinks the amount he's paid to Paragon in total should have paid off the debt and he disputes the amount they say is currently owed.

Mr P has recently asked Paragon to provide him with copies of various documents to demonstrate that debt is owed. He says they haven't done so and this means the debt is unenforceable.

Mr P complained to Paragon. He said the debt was unenforceable and the original lending was irresponsible and unaffordable - and the terms were unfair. He said Paragon hadn't complied with their duties when acquiring the debt, they'd pursued him for payment in an aggressive and threatening manner and had unfairly added to his debt by applying costs and charges.

Paragon didn't uphold Mr P's complaint, so he brought it to us. Our investigator looked into it and didn't think Paragon had done anything wrong.

Mr P disagrees and asked for a final decision from an ombudsman. He wants Paragon to write off the debt, to cease collection activity and to remove any record of the debt from his credit reference records.

my findings

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

In making this decision, I can't look whether the original lending by the bank was irresponsible, unaffordable or unfair. This complaint is against Paragon, not the bank.

It's not for us to determine whether a debt is enforceable. Only a court can do that. The question for me is whether Paragon acted fairly and reasonably in the way they handled Mr P's debt.

We have evidence from the bank to confirm the debt did exist, the size of the debt and the fact it was sold. We also have copies of the letter sent to Mr P in early 2013 to confirm the sale of the debt.

We've also seen statements of account which confirm that between November 2012 and September 2017, Mr P paid around £50 per month towards settlement of the debt. Mr P doesn't dispute this. The fact he made monthly payments – and for a long period – suggests Mr P acknowledged the debt and accepted the money was owed.

The balance owed was just over £5400 in late 2012 – as confirmed in the account statements and as confirmed by the bank. Mr P paid around £50 for 59 months – the actual total being around £2900. So Paragon's suggestion that Mr P now owes them around £2500 makes perfect sense mathematically.

Paragon say they haven't added any charges, fees or interest to Mr P's debt. And again that squares with maths.

So, I'm satisfied the debt exists. I'm satisfied it was sold and that Paragon now own it. And I've no evidence to suggest it's not for the amount Paragon say - or that they've added charges, fees, interest or anything else to the debt.

That being the case, Paragon are entitled to ask Mr P to pay the debt, whether or not it's enforceable in court (and as I say, this is a matter for the courts).

Of course, they are required to carry out their collection activities in a fair and reasonable manner. And Mr P says Paragon's requests for payment have been excessive, threatening and unfair.

I can understand why Mr P might have found it stressful and upsetting to be contacted by Paragon about the debt, but I can't agree that their contact with him was excessive.

They allowed him a break in payments after September 2017, during which Mr P told them he was seeking assistance in getting the debt sorted out. And after that, they contacted him once a month to ask him to make arrangements to repay the debt.

There's no evidence to suggest those contacts were threatening in any way or that Paragon misled Mr P about the position and/or what they were entitled to do to try to retrieve the money he owed them.

And there's no evidence Mr P told Paragon he was experiencing financial difficulties and/or asked them to discuss a repayment plan with him.

Paragon also have a duty to provide accurate information to credit reference agencies. They'd be entitled – if not obliged – to provide information which accurately reflects Mr P's debt and the extent to which he has repaid it.

To summarise, I can't see that Paragon have acted in any way unfairly or unreasonably towards Mr P in their handling of his debt.

my final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 September 2019.

Neil Marshall
ombudsman