

complaint

Mr H complains Arvato Financial Solutions Limited (AFS) have treated him unfairly. He says it hasn't properly communicated with all parties and as a result his credit file has been adversely affected.

background

On 27 August 2013, Mr H took out a loan with a third party provider. On 16 October 2014, AFS bought the debt from the original lender and began to contact Mr H to discuss repayments.

Mr H says he was experiencing financial and health difficulties at the time he took out the original loan. He feels the lender was irresponsible in lending to him at that time. He says he has tried to raise this complaint with AFS but it failed to address his concerns. Mr H then paid off the loan but AFS failed to update the original lender and then, despite his best efforts, continuously failed to communicate with him or the original lender.

This left Mr H feeling very frustrated and upset at not being able to resolve the situation. He feels the whole situation has been mismanaged and he has been treated unfairly. He wants AFS to remove the default from his credit file and provide a response as to why it hasn't dealt with his complaint.

AFS says it acted in good faith when it bought the debt from the original lender. It wasn't made aware of any disputes or complaints. After purchasing the debt, it pursued its legal right to collect the outstanding debt. It says it only received one email correspondence from Mr H on 7 February 2019, to which it responded on 19 February 2019 requesting further information. It says it didn't receive a response.

In its final response, issued 23 April 2019 after Mr H contacted this service. It explained it couldn't look into any complaint regarding irresponsible lending, as it wasn't the original lender. It also said it had updated the credit reference agencies regarding a partial settlement of the outstanding balance. It explained whilst it had agreed to the partial settlement and wouldn't be pursuing Mr H for the balance, it could only record it as such with the credit reference agencies. In order to have the debt settled in full Mr H would need to pay the full balance. It didn't uphold Mr H's complaint.

An adjudicator looked into things for Mr H. He explained he couldn't look into the issue of irresponsible lending as AFS hadn't been the original lender so he looked at how AFS had communicated with Mr H and reported any information to the credit reference agencies. He concluded AFS had acted fairly and reasonably and so he didn't ask it to do anything further. Mr H disagreed. He feels strongly that AFS mishandled the debt and were impossible to deal with. He feels the credit report remains incorrect as the defaults and arrangements were recorded incorrectly. He asked for an ombudsman review.

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've looked at all the information afresh from both parties. Having done so, I'm in agreement with the adjudicator's view. I know this will disappoint Mr H. I'll explain why.

Firstly, I appreciate Mr H has been waiting sometime for a decision for and I thank him for his patience. It's important to gather all the relevant information regarding a complaint and this can take some time. I'd like to reassure Mr H, I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities. That is to say, what I think is more likely to be the case based on the information available.

I understand Mr H feels very strongly about the irresponsible lending aspect of this complaint. As the adjudicator explained this isn't something, I can look into here, as AFS wasn't the original lender. I understand Mr H has taken this up a separate matter with the lender in question. So, I'll only be looking at AFS and whether it has acted fairly and reasonably in this matter.

I've looked carefully at the system notes provided by AFS and there is only one email correspondence dated 7 February 2019. Mr H has also provided a copy of the same email. I can see AFS responded on 19 February 2019 requesting further information, which it doesn't appear to have received. From what I can see, AFS responded in a reasonably timely manner to Mr H's correspondence.

The system notes show five payments of £4.00, which from the information provided appear to be the payments Mr H made through a debt management company. From what he's said this became problematic and the debt management company went into liquidation. I can appreciate this must have been very frustrating for Mr H, but I can't fairly hold AFS responsible for issues with the debt management company. Mr H then made a partial settlement of the outstanding debt. This left an outstanding balance of £426.23 to pay before the loan is fully repaid. AFS agreed to write off that balance and it has said it has no intention to chase Mr H in order to recover it.

I understand that as Mr H has reached a settlement with AFS he would like his credit reference file to show the debt has been settled. AFS are required to update credit reference agencies with accurate and up to date information. I've seen the correspondence from AFS to confirm it has updated them to show the debt has been partially settled. This is line with the guidance from the Information Commissioners Office (ICO). It shows how lenders should record information to the external credit reference agencies. The guidelines say if a debt was defaulted but later partially satisfied, it should show the default and reflect how the debt was settled. I'm satisfied AFS have informed the credit reference agencies correctly and so I'm not able to ask it to remove the default or change the status of partially settled as that is a true reflection of the account.

On balance, I haven't seen anything to suggest AFS hasn't communicated to with Mr H or the credit reference agencies in a fair and reasonable manner and so I won't be asking it to do anything further.

my final decision

For the reasons I have given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 June 2020.

Wendy Steele
ombudsman