

complaint

Mr T complains that Cabot Financial (Europe) Limited (trading as Cabot Financial) will not tell him why it took so long to write off his credit card debt, or how the balance on the account came to increase by so much.

background

Mr T originally owed a debt to a credit card company, and this was sold to Cabot Financial in 2000. Cabot Financial then took steps to recover the debt, using agents to try to trace Mr T. It later wrote and told him it had closed his account.

Mr T says that he has been unable to get an explanation from Cabot Financial about how his debt increased by such a lot after it had bought it from the credit card company, and why it took so many years to decide to write off the debt.

Cabot Financial said that it had continued to apply interest at the contractual rate until February 2010, when it stopped – and that was why the balance on the debt had increased. Cabot Financial also said that it had closed Mr T's account by mistake, due to a processing error, but that in the circumstances it would remain closed.

It said that it had stopped reporting on the debt to credit reference agencies from July 2005, which meant that the debt no longer affected Mr T's credit file.

Mr T still felt unhappy at Cabot Financial's response, and so he brought his complaint to this service where one of our adjudicators investigated it. From the evidence, the adjudicator was satisfied that the letter Cabot Financial had sent confirming that it had decided to write off the credit card debt was a mistake – because it had intended the letter to relate to a different debt.

Although that notification had been a mistake, Cabot Financial was standing by what the letter said and had written off the debt. The adjudicator also got a breakdown of the debt, which showed that it had increased due to the application of interest.

Cabot Financial offered to pay Mr T £50 in consideration of what had happened, and the adjudicator encouraged Mr T to consider that offer. Mr T did not think £50 went far enough to settle things and said that he would like his complaint reviewed by an ombudsman. He provided further papers for consideration and also gave us evidence about his health.

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 realise, from what he has told us, that Mr T has found it difficult to see why it took Cabot Financial so long to write off his credit card debt. It's important to remember that Cabot Financial was not under a general duty to Mr T write off the debt, and so it is not clear that it should have done so sooner. It says that it tried to contact Mr T about the debt over a number of years, but was unable to get a response.

Some years later, Mr T was dealing with his creditors through a not-for-profit advice agency and that was when Cabot Financial wrote the letter in November 2015 saying that it had taken the decision to write off the debt and close the account.

That letter was actually a mistake, because Cabot Financial had intended it to relate to a different debt owed by Mr T. Cabot Financial accepted that it had made a mistake, but said that it would let the offer stand and would not try to recover the credit card debt. That's been of benefit to Mr T, because it means that he will not have to worry about paying back any of that debt – or the interest that accrued on it until 2010.

Cabot Financial stopped reporting the debt for credit reference purposes in 2005 and so the debt is no longer visible on Mr T's credit file. Taking everything into account, I find that Cabot Financial's offer to pay Mr T £50 is fair and proportionate for what happened.

my final decision

My final decision is that I direct Cabot Financial (Europe) Limited (trading as Cabot financial) to pay Mr T £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 December 2016.

Jane Hingston
ombudsman