

complaint

Mr and Mrs H complain that Paragon Finance PLC, trading as Idem Servicing ("Idem") shouldn't be chasing them for a debt owed to Lloyds as they didn't have a debt to Lloyds.

background

Mr and Mrs H say that a debt that Idem are chasing them for isn't theirs. They say they were aware of a debt with TSB and had been making regular £30 payments but when they noted they hadn't been receiving statements from TSB in 2017, they contacted the bank and also contacted Lloyds. But the banks were unable to identify the loan. So Mr and Mrs H say that at that point they stopped making payments.

Lloyds say that in 2015 they wrote to Mr and Mrs H and told them they'd sold the loan to Idem who would manage the debt going forward.

Idem contacted Mr and Mrs H to advise them they would be taking over the debt when it was transferred. They say that later, in 2017, they wrote again to remind them that no payment had been received and that has remained the case. The outstanding balance is just over £2,700.

Idem claim that the debt originated from a loan that Mr and Mrs H took out with TSB in 1995. The loan was defaulted in 1999 and a payment plan of £30 per month was set up through a debt management plan in 2004. TSB and Lloyds merged in 2015 and this explained Lloyds involvement before the loan was sold to them. Idem insist that they have done nothing wrong and have a right to pursue payment for the debt.

Mr and Mrs H referred their complaint to this service earlier this year but our investigator was satisfied that Idem were being fair in pursuing the debt with Mr and Mrs H. She explained that whilst the actual terms of the loan were understandably no longer available, it would have been normal for a clause to have been present to allow the bank to transfer ownership of the debt. So she was persuaded that the bank had acted correctly when doing so. She explained that the loan the payments made by Mr and Mrs H were being transferred to Idem by Lloyds and she could understand that this may have meant that Mr and Mrs H saw different payment periods. But she was satisfied that the debt was the one Mr and Mrs H originally had with TSB and that Idem had the right to collect payments against it.

But Mr and Mrs H disagreed. They couldn't understand why the statement from Idem said that the loan balance in 1999 was over £10,000. They explained that they wouldn't have been able to get a loan of that size then as their salaries were too low. They went on to explain that the debt management company who were managing their plan, ceased trading in 2008 and any mention of them managing payments since that date was mistaken and cast doubts on the validity of the bank's claims so they asked for a final decision by an ombudsman.

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 know it will disappoint Mr and Mrs H but I agree with the investigator's opinion and for similar reasons. Please let me explain.

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.

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.

Mr and Mrs H say that the loan they are being chased for is not theirs and I'm therefore required to decide whether Idem are being fair in pursuing payment for it.

I've seen copies of the letters provided to them by Lloyds in 2015 that explain that the loan has been sold to Idem and I agree with the investigator that it's likely the original loan contract, if available, would have explained they reserved the right to sell the loan on.

I've also seen a copy of the letter from idem in 2015 explaining that they'd taken over the loan. Whilst I can understand that this was several years ago and Mr and Mrs H may have forgotten, I think it's most likely that these letters were received and that Mr and Mrs H had been made aware of the transfer of the debt.

Mr and Mrs H say the debt can't be theirs because they couldn't have been loaned that much. I'm not asked to look at whether the debt was affordable but I've reviewed records from idem and from Lloyds and can confirm that the balances and payments referred to match and appear to relate to the same account and the same account that Mr and Mrs H were making payments to.

Mr and Mrs H also say that the payments made to the Idem account couldn't have been theirs as they were made by cheque and they didn't have a cheque book. Idem has explained that any transfers from Lloyds would have shown as cheque transfers and I'm persuaded that this explains the issue.

There also seems to have been some confusion as to whether the debt management company were managing the account. I can understand that Idem wouldn't have been aware of that. They were simply receiving transfers from Lloyds who were in turn receiving these from Mr and Mrs H. Idem could be excused for being confused as to the origin of the payments but that doesn't change the fact that they were collecting the correct debt and that debt had been properly sold to them.

So I conclude that they have been fair in pursuing Mr and Mrs H for the debt that was transferred to them.

my final decision

For the reasons I've given above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 18 October 2018.

Phil McMahon
ombudsman