

complaint

Miss M complains that a debt which was sold to Cabot Credit Management Group Limited and for which she is being chased has been settled.

background

Miss M entered into a debt management plan with New Start in 2012. At the time she owed debts to Barclaycard and to Barclays Partner Finance. Cabot purchased the BPF debts in late 2012.

Miss M says that she made monthly payments into her debt management plan as required and settled the Cabot debt in 2016 with a partial settlement. She wants Cabot to stop chasing her for the debt. But Cabot says that it purchased two BPF debts and that only one account was settled.

The investigator didn't uphold the complaint. He said that Cabot purchased two debts from BPF in 2012, one of which was settled in 2016 but one of which remained outstanding. He said that although Miss M thought she had settled the Cabot debt, it appeared that she had overlooked the fact that there were two Cabot debts. The investigator said that to be certain of where Miss M's payments into the debt management plan had gone she would need to contact the debt management company direct. But he found no evidence that Cabot had received any payments in the debt management plan in respect of the account which remained outstanding save for two payments of £39.05 made by New Start in early 2013.

Miss M didn't agree. She said she had made payments towards the debt through her debt management plan and she felt that the debt management company was at fault. She explained that in 2012 she had several debts which she wanted to pay off using her husband's redundancy money. She said that New Start had agreed settlements with all but two creditors – Barclaycard and BPF – and that her debt management plan was set up to deal with those two debts. She said that New Start must have made an error and confused debts which had been settled with outstanding debts when it made the two payments to Cabot in early 2013.

my findings

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

The issues for me to determine are whether Cabot is chasing Miss M for a debt which she has already settled, and/or whether Cabot has done anything wrong. To the extent that Miss M says that the debt management company has done something wrong this is something which she must pursue directly.

I can see from the information provided by Cabot that it purchased two debts from BPF in late 2012. These comprised a debt with an outstanding balance of £2,568.86 as at 21 December 2012 and a debt with an outstanding balance of £8,208.61 as at 21 December 2012.

Cabot has explained that it was contacted by New Start in 2013 regarding the outstanding balances. Cabot says that it asked New Start to check this directly with BPF. Following this, Cabot received two payments from New Start, a payment of £39.05 in January 2013 and a payment of £39.05 in March 2013. Cabot says that no further payments were received after this. Cabot has also explained that it was contacted again by New Start in October 2013 who advised that Miss M was disputing the account because she believed she had settled it. There was a delay in Cabot requesting statements from BPF and a delay in BPF providing the statements to Cabot. When the statements were finally received by Cabot in 2016 Cabot confirmed that the outstanding balance was correct. Miss M didn't agree and repeated that she had settled the debt. She provided a letter in relation to a settlement but Cabot said that the outstanding balance and account number on the letter was different to the account which was outstanding.

Cabot acknowledged that there had been delays in obtaining the statements from BPF and offered Miss M compensation of £50 which she refused.

Looking at the available information, it appears that there were not two but three outstanding accounts in 2012. Two of these were with Cabot and one was with Barclaycard. I can see that one of the Cabot debts (the smaller of the two) and the Barclaycard debt were included in Miss M's debt management plan and partially settled in 2016. But the larger of the Cabot debts doesn't appear to have been included in the debt management plan (although there are two payments made in early 2013).

It's possible that the larger of the Cabot debts wasn't included in the debt management plan because Miss M thought she had paid it and therefore didn't provide details of it to New Start. This is consistent with Miss M's actions at the time – she complained to Cabot in 2013 that the debt had been settled. It's also possible that New Start made an error and didn't include the larger Cabot debt in the debt management plan when it should have done.

I appreciate that Miss M says that the debt has been settled. But she hasn't been consistent about whether the debt was settled before she entered her debt management plan or whether the debt was settled because of payments made via her debt repayment plan. I don't think the latter is likely because it's clear from the balance of the account that the payments made via Miss M's debt repayment plan between 2012 and 2016 don't add up to enough to settle the debt. And in respect of the former, Miss M hasn't been able to provide any evidence that the debt was settled in 2012.

In the circumstances I can't fairly say that Cabot has done anything wrong. The debt which Miss M says she has settled was sold to Cabot in 2012 and had a balance of £8,208.61 as at 21 December 2012. There's no evidence that the debt was settled from redundancy monies and there's no evidence that it was settled through the debt management plan. It's not disputed that Miss M made payments into her debt management plan but these payments were applied towards other debts, save for two payments to the Cabot account at the very beginning of the plan. On the evidence the debt remains outstanding and I can't see that Cabot has acted unreasonably in chasing it.

my final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 29 July 2018.

Emma Davy
ombudsman