

complaint

Mr B, represented by his solicitor, says that MKDP LLP has chased him for a debt he does not acknowledge and that he has been provided with poor service.

background

Mr B entered into a hire purchase agreement in 2007. The agreement was terminated in 2007. MKDP acquired the outstanding balance associated with this agreement in 2010.

Mr B's solicitor says that Mr B made no payment towards this debt after the default notice in 2007 and that there has been no acknowledgement of the debt. The solicitor says the debt is statute barred and that although it has raised this with MKDP, MKDP has continued to chase for payment. The solicitor also complains that MKDP has failed to acknowledge that it is representing Mr B and has continued to contact Mr B directly or cause delay by asking for authorisation.

Mr B's solicitor also says that MKDP has been slow to respond to its letters causing Mr B to believe the issues have been resolved when they haven't. It says the problems in dealing with this issue have caused Mr B health issues.

MKDP says that it bought Mr B's account from the original owner in March 2010. It says that Mr B contacted it about the account dispute. It says it contacted the original owner which said that Mr B was liable for the outstanding balance on the account. It wrote to Mr B about this. It responded to the suggestion that the debt was statute barred saying that the debt had been acknowledged within the last six years.

The adjudicator said he couldn't comment on the legal enforceability of the debt, but only look at what is fair and reasonable. He said that contact from MKDP showed its intention to recover the debt and that this had been within six years. He said he could not reasonably conclude that MKDP should not pursue the debt.

The adjudicator said that there were significant delays in MKDP responding to the questions from Mr B's solicitors. He also said that there were a number of occasions when the solicitors were asked to provide authority to represent Mr B when this had already been provided. He said this caused further delay. Because of this he recommended MKDP pay Mr B £200 compensation.

MKDP agreed to the recommendation to pay £200 compensation.

Mr B's solicitor said that the debt should be considered as statute barred. It said that Mr B has been caused stress through the poor service he has received and this has had an impact on 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.

MKDP acquired Mr B's account in 2010. This decision only concerns issues for which MKDP can be held responsible.

I have no reason to suggest that MKDP did not acquire the account in good faith, believing the debt to be owed by Mr B. After Mr B contacted it, MKDP contacted the original account owner about the debt and was provided with information suggesting the debt remained outstanding. I do not find that MKDP did anything wrong in approaching Mr B for repayment at that time.

I do accept that MKDP did not respond to the questions raised by Mr B's solicitors in a timely way and I can understand why the delays in responding caused Mr B additional stress. I can also see that its failure to acknowledge the authorisation of Mr B's solicitors to act on his behalf added to the delays and stress. The adjudicator recommended that MKDP pay Mr B £200 for the poor service received and MKDP agreed to this. I find this reasonable.

The solicitors said that Mr B has never acknowledged the debt. It said that the payment made in 2009 which was noted by MKDP was the proceeds of sale from the car and not a payment by Mr B. It said that because the agreement was terminated in 2007 and no payments were made since the notice of default in 2007, MKDP should no longer pursue the debt as it is statute barred.

I accept that in the last six years, Mr B has not made any payments and that he has consistently denied any liability for the debt. My role is not to determine whether or not a debt is legally enforceable, but to decide whether it is reasonable that MKDP continues to pursue Mr B for this.

Based on the information provided to MKDP, I find it reasonable that it contacted Mr B about repayment. MKDP has contacted Mr B about the debt and the letters have been acknowledged. So while I understand that Mr B denies any liability, I do not find it unreasonable that MKDP has continued to pursue Mr B for the outstanding balance.

my final decision

My final decision is that MKDP LLP should pay Mr B £200 compensation, as it has agreed, in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 November 2015.

Jane Archer
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