

complaint

Ms A complains about a default that The Co-operative Bank Plc ("Co-op") has registered on her credit file.

background

Ms A said that her ex-husband had run up debt on their joint Co-op credit card, and he had agreed to pay it off. She considered it his debt, and she'd told Co-op that.

Ms A said that the statements for the card were being sent to her ex-husband's address, and for several years he made small payments towards the debt. But early in 2017 he stopped paying the debt, and Co-op registered a default on her credit file. Ms A said she only found out about that when she tried to remortgage her home.

Ms A said she hadn't seen statements on this account for several years. And she said that Co-op should be able to tell which card had run up the debt.

Ms A told us that she hadn't been able to remortgage her home because of the default on her credit file. She wanted Co-op to remove the default.

Co-op said that it couldn't tell now which card the spending had been made on. But it said that when Ms A contacted it in 2002 to say that this debt had been run up by her ex-husband, and she considered it to be his, Co-op had replied to say that regardless of who spent the money, Ms A was responsible for keeping up the payments. Mr A was only a secondary card holder. Co-op said that Ms A had agreed that she would have to pay off any debt he ran up when she took out a second card for him.

Co-op said that it would be surprised if Ms A had changed the address that statements were being sent to, to Mr A's address, when she was responsible for the payment. Or, if there had been a mistake, it would've expected her to ask where her statements were.

Co-op said that Mr A stopped paying towards the card in February 2017. It had sent all the appropriate letters to the address it held, but received no response. Co-op showed us copies of these letters.

Co-op said that it had also applied some charges to the account, but they were all refunded at the time that the debt was sold to a third party debt collection firm.

Co-op said that it wouldn't take the default off Ms A's credit file. It said that she could add a notice of correction to her credit file if she wanted to, to explain the circumstances.

Co-op wrote to Ms A again, not long after our service started to look at this complaint. It said that it was sorry to hear that Ms A hadn't received some statements it had intended to send her, and it was sending them now.

Our investigator didn't uphold this complaint. She said that Co-op had explained to Ms A that this was her debt, not her husband's. Co-op hadn't done anything wrong by holding Ms A responsible for the outstanding balance on her card.

Ms A wanted to know why Co-op hadn't written to Mr A at his new address, if he'd given Co-op that address, but our investigator said that Co-op didn't receive any new address from

Mr A. It was told by the person who was returning his mail where that person thought he had gone. Co-op wouldn't update an account with that information. And our investigator said she wouldn't expect it to.

Our investigator said that Co-op sent letters about this debt to the last known address it held for the account. She said that's what she'd expect Co-op to do. And it did try to get in touch with Ms A by phone, when mail was returned. Our investigator said that Co-op hadn't run its tracing process to try to find Ms A until later, but she didn't think that it should've held off sending the default and termination notices to see if that trace would be successful. Co-op couldn't know whether it would ever be able to find an address for Ms A.

Our investigator said that she wouldn't ask Co-op to remove the default, because it hadn't done anything wrong.

Our investigator did say that Co-op had taken too long to supply Ms A with statements that it had said it would send her. And Ms A had a very long phone call trying to find out what had happened to the debt. Our investigator had recommended that Co-op pay £100 to say sorry for this, and it had agreed to do so. But she didn't think it had to do anything else.

Ms A didn't agree. She said that she had lost her family home, because of the default on her credit file. She said that Co-op could've removed the default, and it hadn't done so. She thought that we should have pressed Co-op much more strongly to do so. She didn't think that Co-op had anything to lose by removing the default, and she had lost a very great deal because of it. She wanted her case to be considered by an ombudsman. And she asked if there was anything at all she could do to remove the effect of the default on her credit file.

Our investigator said that she had asked Co-op if it wanted to remove the default in the early stages of her investigation. It said no. As she continued with her investigation, she reached the view that Co-op hadn't done anything wrong. She said that was why she hadn't pressed Co-op to remove this default. Our investigator said that Ms A could contact the credit reference agencies and ask them to place a notice of correction on her file, to explain this default. Then she passed this case to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Although I know that Ms A will be disappointed by this, I've reached the same overall conclusion on this complaint as our investigator, and for broadly the same reasons.

Ms A was the primary cardholder on a Co-op credit card account. Credit card accounts aren't like joint current accounts. The responsibility for the debt isn't shared. Only one person can hold a credit card account, and only one person can, in law, be responsible for the debt. When Ms A agreed to add a second card for her husband to use, she also agreed that she would be solely responsible for repaying any money he spent on that card.

The terms and conditions at the time said:

"We may issue an additional card for use by any person nominated by you as an authorised cardholder on your account. You are responsible for use of the card by the authorised cardholder. You must repay us all amounts spent, or losses suffered by us in connection with use of the card by an authorised cardholder."

So I think that Ms A had agreed, when she took out the second card for her then husband, that she would pay any resulting debt.

Ms A clearly feels that morally, this debt belonged to her husband. And he presumably felt the same, at some point at least, as he made payments towards this debt for a long time. But legally it has remained Ms A's debt. It's not that Co-op has chosen to pursue Ms A for this money, and not her husband. Co-op simply has no power to make Mr A pay this debt. But it has power to make Ms A pay, because that's what her agreement with it said that she would do.

I can see that Co-op warned Ms A that this was the position some time ago. So I think that Ms A should reasonably have been aware that if Mr A ever stopped paying, she would be in trouble. But Ms A didn't make sure that statements continued to come to her, so she wasn't able to check that Mr A was still paying. And she wasn't aware when he had stopped.

Like our investigator, I think that Co-op did what I would expect it to do, when no one was paying the debt. I know that Ms A feels that the consequences on her are particularly harsh, especially as she has now paid off this debt in full. I'm sorry to hear that she has faced difficulties with remortgaging. But I'm sorry to have to tell Ms A that I don't think that is Co-op's fault. So I won't ask it to remove the default on her credit file.

Co-op did delay in sending Ms A the statements that she wanted to see for the account. And I understand that it took Ms A a very long time to find out what had happened to the debt, when she wanted to pay it off. So I agree that Co-op should pay some compensation for that. And I think that £100 is the right amount to make up for these problems.

I realise how disappointed Ms A will be, but I don't think that Co-op has to do more than that.

my final decision

My final decision is that The Co-operative Bank Plc must pay Ms A £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 4 November 2018.

Esther Absalom-Gough
ombudsman