

complaint

Mr J complains that Cabot Financial (Europe) Limited wrongly pursued him for payment of incorrect debt amounts.

background

Mr J had two credit card debts which were assigned to Cabot in 2009. Mr J had been told by his original credit card provider in 2007 that his two debts had been frozen at £9,324.54 and £8,414.74 respectively. Mr J did not receive notices of assignment from Cabot in 2009 as it had used an incorrect address for him. But Cabot traced Mr J's correct address in 2012. It sent Mr J reproduced copies of the notices of assignment in 2013, but these had been completed incorrectly and showed substantially higher amounts due from Mr J. He complained to Cabot in February 2013 that the amounts were incorrect.

Following referral of the complaint to this service, Cabot said that the amounts in the reproduced copy assignment notices were incorrect due to human error, and it offered Mr J £150 compensation in November 2013. In February 2014, it said that it believed that the debts were statute barred, and it had closed the accounts as the debts were extinguished.

The adjudicator concluded that the offer of £150 compensation was fair and reasonable.

Mr J disagreed and responded to say, in summary, that the award of £150 compensation was inadequate. He was seeking compensation of £150,000. He also said that Cabot should be punished to deter such behaviour in the future. He also sought an explanation as to what was meant by a statute barred debt, and queried why this had not been mentioned previously as it had prolonged his suffering unnecessarily.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It is clear that Mr J has very strong feelings about Cabot's actions. In complaints of this type, the role of this service is to ensure that a customer affected by an error by a financial institution is put back into the position they would have been in had that error not been made. We are not a regulator and have no power to fine or punish a financial institution for any errors made, or to make awards of compensation which are intended to be punitive. We can only consider a complaint individually on its own merits, and award what we consider to be fair and reasonable compensation for any distress and inconvenience caused directly by an error.

I do recognise that what happened has upset Mr J a great deal. I am also mindful that the amount of compensation offered by Cabot is far less than Mr J believes he should receive.

As Cabot is no longer pursuing Mr J for payment of the debts, I find nothing to indicate that he has lost out financially as a result of what happened. I am aware that Mr J would like £150,000 compensation. Whilst I understand his strength of feeling in this matter, where this service makes an award for distress and inconvenience, the award we make generally tends to be modest. Bearing in mind the general level of awards that this service makes and in the circumstances of this complaint, I consider that £150 compensation is appropriate.

However, I do find that Mr J's complaint could have been handled better by Cabot. I do not consider that it fully investigated his complaint about the incorrect amounts of the balances provided to him and the incorrect amounts set out in the notices until several months after his complaints about these issues. It is also more likely than not that the debts were statute barred somewhat earlier than February 2014, and I find that this should have been investigated and dealt with earlier in the complaint to save Mr J unnecessary distress and inconvenience. So, I find that Cabot should also pay Mr J £75 compensation for his time and trouble caused by its unsatisfactory complaint handling.

Mr J has asked for an explanation of what is meant by a statute barred debt. In summary, there are time limits laid down by statute which prevent a lender taking legal action to recover a debt after a certain period. The period differs according to the jurisdiction in which a debtor lives. A debt may not be time barred if certain events have occurred during that period.

After taking into account the underlying causes of the complaint and all available submissions, I consider that a total payment of £225 compensation by Cabot for the distress and inconvenience caused to Mr J is fair and reasonable in the circumstances of this complaint.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of it, I order Cabot Financial (Europe) Limited to pay to Mr J £225 compensation.

Roslyn Rawson
ombudsman