

## **complaint**

Mr M complains that Arrow Global Limited mishandled an alleged debt it bought from a third party.

## **background**

Mr M had a business loan with a bank I will call H. This was disputed by him some years ago. Arrow bought the loan from H in May 2016 and it had been defaulted on 15 January 2014.

Arrow obtained a court judgment, but in so doing described the debt as an overdraft. Mr M pointed out the error and also the fact that he had disputed the loan with H and that in the absence of suitable evidence it was not collectible. Arrow checked with H which confirmed the debt came from a managed loan and not an overdraft. It agreed to have the court order dismissed, but this took time as incorrect wording was used on the application form.

It went on to say that despite the original documentation not being available it was still able to pursue the debt and it could still be reported on his credit file. However, it agreed that it had made an error with regard the type of debt and offered him £150 compensation. It also agreed to remove the county court judgement from his credit file.

Mr M brought his complaint to this service where it was considered by one of our adjudicators who recommended it be upheld. She explained that this service cannot decide whether a debt is legally enforceable, but we could consider Arrow's actions in pursuing the debt which the courts had decided was unenforceable.

She noted Arrow had confirmed that it couldn't collect the debt and that they will close their file. It had said it would remove the CCJ entry on Mr M's credit file. However, the default applied by H in 2014 would remain. As this wasn't added by Arrow the adjudicator said this was something Mr M would need to raise directly with H should he be unhappy about it.

She thought that as this debt was never enforceable it wasn't fair that Mr M had been pursued for it and she accepted it would've caused him considerable stress and anxiety. She also thought it important that Arrow Global write to Mr M confirming the court's dismissal and what this means for him. She also recommended it pay £300 compensation.

Mr M said that the default on his credit file named the creditor as Arrow and so it was responsible for removing it. He also thought that the compensation was insufficient given the delay in resolving the matter. He said he had been prevented from buying house due to the entries on his credit file. The adjudicator asked Arrow to remove the default entry and she asked Mr M for evidence the problems in buying a house were due to the actions of Arrow.

Arrow did not respond directly to the request to remove the default and said that it wasn't obliged to disclose documentation as it issues proceedings online and simply needs to state the amount it is claiming and what it is in relation to. However it accepted the adjudicator was correct that the debt wasn't enforceable.

## **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 am only considering the actions of Arrow in this matter and I appreciate Mr M has issues with H and its collections arm about the original debt. Arrow received the debt in good faith and relied on information provided by H. I don't believe I can conclude it should have done more to clarify the details behind the debt. However, as a result of it being wrongly badged by H as an overdraft this led to Arrow taking incorrect proceedings.

It has agreed to have the court judgment dismissed and this is fair and reasonable. It has also accepted that the debt is unenforceable and that any reference to the court judgement should be removed from Mr M's credit file.

There have been some delays due Arrow using the incorrect terminology when seeking dismissal of the order. There has also been some uncertainty about the default registered in 2014. This was before Arrow acquired the debt and it wasn't responsible for registering the default. However, it has taken over responsibility for the default and its name is shown as the owner of the debt.

I note it says that although the debt is unenforceable in the courts it remains outstanding. Mr M has disputed this and in all honesty I cannot say if he ever paid off the debt he incurred. However, given the confusion surrounding the matter and the trouble he has been put to by Arrow and others I believe it would be appropriate for it to be removed from his credit file.

As for the matter of compensation I consider the £300 suggested by the adjudicator is fair and reasonable. I cannot say that this debt has been the cause of Mr M not being able to obtain a mortgage and so I believe the award reflects the trouble and upset caused by Arrow's actions alone.

### **my final decision**

My final decision is that I uphold this complaint and I direct Arrow Global Limited to pay Mr M £300 compensation. It should also write to him confirming the file has been closed and what this means for Mr M and it should remove the default entry from 2014 from his credit file. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 February 2019.

Ivor Graham  
**ombudsman**