

complaint

Miss P complains that First Central Insurance Management Limited registered a default against her with credit reference agencies.

background

Miss P had a car insurance policy bought through First Central. Some of the actions described below were carried out by First Central's agents on their behalf, but for ease of reference, I'll simply refer below to First Central.

On 2 June 2017, Miss P called First Central to query an increase to her premium following a change of address. The outcome of that call was that Miss P cancelled her policy.

After some discussion during the call, Miss P accepted that she needed to pay First Central just over £100 to cancel her policy. She gave them her card details but the call cut off before First Central could confirm payment. In fact, the card payment was declined.

Around two weeks later, First Central contacted Miss P to ask her to pay the outstanding amount. She says she was unaware until this point that the original attempted payment had been declined.

Miss P asked First Central to call her back. She says she wanted them to check the amount owed. They say she said she didn't have a payment method with her at the time and asked to pay later.

First Central say they attempted to call Miss P several times in the following days – and left voicemail messages on most of those occasions. Miss P says she never received any voicemails or had any missed calls.

First Central say there were several more attempts to contact Miss P in June, July, August and September by phone, text, email and letter.

They say Miss P was sent an email on 8 September 2017 which warned her they would register a default against her if the debt wasn't settled by 20 October 2017.

First Central's records show further contact with Miss P in later September and early October 2017. They say a payment plan was agreed but Miss P didn't confirm her payment method and the first due payment wasn't received.

On 20 October 2017, First Central registered a default against Miss P with the credit reference agencies.

Miss P says she realised the default had been registered some time later, when it became apparent her credit rating had been affected. She complained to First Central in September 2018.

First Central admitted that they should have contacted Miss P much sooner after the phone call of 2 June 2017 and the declined card payment. They've given Miss P £50 in compensation for this.

However, they said they'd given Miss P adequate time and opportunity to settle the debt before they registered the default, in line with their processes and procedures, and they stood by their decision to do so.

Miss P was unhappy with this outcome and complained to us. Our investigator looked into it and didn't think First Central had done anything wrong.

Miss P disagreed and asked for a final decision from an ombudsman.

my findings

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

Miss P has now paid off her debt to First Central, so her credit file will show that she's settled the debt. As I understand it, she wants First Central to remove the default record from her credit reference file altogether. She says she didn't receive many of the communications First Central say they sent to her about the debt. And so it's unfair that her credit rating has been affected negatively by this episode.

I'm afraid I can't agree with Miss P. I can't see that First Central have done anything wrong in the way they've handled her debt. And I can't see how Miss P could maintain that she wasn't aware she owed the money and/or she wasn't aware of the consequences if she didn't settle the debt. I'll explain why in more detail.

Miss P says she never received voicemails from First Central. She says she didn't receive letters they say they sent. And she says she didn't get emails they say they sent. She also says she replied to at least one email but it had been sent from an inbox address which no-one monitored, so First Central missed her response.

I'm not convinced Miss P didn't receive all of those communications. And if she didn't, I'm not sure I could hold First Central responsible for that. However, I don't think any of that is crucial to my decision in this case because there are a number of contacts between First Central and Miss P which aren't disputed. In my view these alone show that Miss P was aware of the debt and should have taken steps to settle it.

There's no dispute about the telephone conversation on 2 June 2017. Miss P agrees to pay the outstanding amount to First Central – and gives them her card details.

There's no dispute First Central contacted Miss P on 15 June 2017 and told her the payment hadn't gone through. At this point, Miss P was aware that she still owed money to First Central.

There's also no dispute that Miss P contacted First Central in late September and early October 2017 – before the default was registered - to discuss how the debt could be cleared.

And there's no dispute that she didn't begin to repay the debt until 2018. In general, the relevant guidance from the Information Commissioner's Office (ICO) is that businesses may register a default if payments aren't made for three months.

So, missed communications or not, I'm satisfied Miss P knew *before the default was registered* that she was in debt to First Central.

And I'm satisfied from the records of the contact in September and October 2017 that she knew the consequences of not settling the debt. The contact records show that at that point Miss P had agreed a means to pay off the debt over time. She's confirmed this herself.

Miss P says that when she agreed monthly repayments in October 2017, she received no reply from First Central to confirm the arrangement. First Central's records suggest the contact dropped when Miss P didn't confirm the method of payment as requested.

But in either case, Miss P has to accept some responsibility for ensuring the payments were made. She must have been aware in October 2017 that she hadn't made arrangements for the payments to be made – and that no payments were ever taken from any of her bank accounts.

In summary, Miss P owed money to First Central from 2 June 2017. She didn't pay it back until 2018, when she paid it off in monthly instalments. From 15 June 2017 at the latest, she knew she owed the money. And she knew First Central were asking her to pay her debt. She took no steps to try to repay the money until 2018.

So I'm satisfied there was nothing unfair or unreasonable in First Central registering Miss P's failure to settle that debt with the credit reference agencies after 20 October 2017.

my final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 22 September 2019.

Neil Marshall
ombudsman