

Complaint

Miss L has complained that Arrow Global Limited chased her for a debt she didn't owe and registered a county court judgment against her.

Background

Arrow bought an overdraft debt from a bank in March 2014. The debt was in Miss L's name. Arrow passed it to a debt collection agent. When the agent couldn't recover the debt, Arrow instructed a firm of solicitors to apply for a county court judgment against Miss L.

The county court judgment was issued in May 2017.

Miss L said she the debt wasn't hers and that she hadn't opened the account. Following an investigation, Arrow decided to close the account because of fraud. It applied to the court to set aside the judgment on 26 November 2018.

Miss L was still unhappy. She said she repeatedly told Arrow and the debt collection agent that she'd been the victim of fraud but Arrow pursued her anyway. She said she lost her job because of the county court judgment, which has affected her career in the financial services sector. She said she was forced into a debt relief order and the whole episode has affected her health and personal life.

She asked for compensation from Arrow.

Arrow refused to pay any compensation. It said it carried out an investigation promptly after Miss L raised her concerns about fraud, in April 2018. This was after it had obtained the county court judgment. As a result of its investigation, it closed the account and applied to set aside the judgment.

Miss L wasn't happy with Arrow's decision and so she asked this service to investigate.

An investigator looked into her complaint and decided not to uphold it. He was satisfied that soon as Arrow became aware of Miss L's fraud claim, it acted accordingly, by investigating her complaint. This resulted in it closing her account and asking the court to set aside the judgment. He concluded that Arrow had done nothing wrong and so didn't have to pay any compensation.

Miss L disagreed with the investigator's view. She's asked for an ombudsman's 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. Having done so, I'm afraid my review of the evidence has led me to the same overall conclusions as those reached by the investigator and for much the same reasons.

Arrow, its solicitors and the bank sent us their records.

According to the bank's notes, Miss L had never denied the account was hers. It said the account was opened in August 2003 and 'apart from three card disputes, which she thought were fraud but realised after they weren't, there is no other mention of any fraudulent activity.' The bank couldn't tell Arrow the account was opened fraudulently because Miss L had never raised such a complaint.

Of course, this could be because the bank was dealing with someone else using Miss L's identity but Arrow can't be held responsible for that.

The debt recovery agent also confirmed that she hadn't raised a fraud complaint with it.

Arrow's log of phone calls shows that the first time Miss L made a specific complaint about fraud was on 5 April 2018. She told Arrow that she'd never had an overdraft of this amount and it couldn't be hers. She said she had a loan, which she thought she'd paid off. She also said she believed her sister had taken out the overdraft.

On 5 May 2018, Miss L called again saying the account wasn't hers. Arrow asked her to send it evidence of her signature and proof of identity. It also said it would contact the bank. She made a similar call on 15 June and 1 August 2018. Arrow was still waiting for a response from the bank.

I did note that Miss L had called Arrow in September 2016 to complain about a letter, which it kept sending her, but which had nothing to do with her. No further details are given. But even in the subsequent months, when legal proceedings were issued, Miss L still didn't complain about fraud.

The solicitors confirmed they had received two letters from a debt advice agency acting on Miss L's behalf making offers of repayment. I've seen those letters. There was no suggestion from the advice agency that the account was fraudulent. And Miss L didn't contest the legal proceedings when Arrow took her to court.

Based on this evidence, I'm afraid I can't conclude that Arrow knew she was complaining about fraud before 5 April 2018. At best, it might've thought she was disputing the amount of the debt.

I am sincerely sorry for the stress, anxiety and financial hardship, which Miss L has experienced. This must have been a worrying time for her and I've no doubt she felt harassed by the letters from Arrow and its agents. However, I don't believe Arrow knew she was disputing the debt until April 2018. It was entitled to apply for the county court judgment based on the information it had at the time. It was up to Miss L to defend the court action. Nevertheless, as soon as Arrow became aware of her complaint, it carried out an investigation. It subsequently closed her account and applied to set aside the judgment.

Given these circumstances, I consider that Arrow has acted promptly and appropriately. I don't think it is fair and reasonable to ask it to pay any compensation.

I am sorry this will be disappointing news for Miss L but I hope my reasons are clear.

My final decision

My final decision is that I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 13 March 2020

Razia Karim
ombudsman