

complaint

Miss H complains that Arrow Global Limited (Arrow) should've registered a default on her credit file in March 2012 rather than September 2013 as they've now decided.

She would like them to backdate the default to March 2012, remove it from the credit file and mark the debt as settled.

background

Miss H had a change of financial circumstances which resulted in a reduced salary for her. She fell into debt with S. In October 2011, she entered into a debt management plan with S.

Arrow bought the debt in March 2013.

Miss H continued to repay her debt in line with her debt management plan.

In July 2018, Miss H contacted Arrow's management company to ask why her default hadn't come off her credit file. She raised a complaint.

Arrow wrote to her on 20 September 2018. They agreed that they had registered the default late. They thought that they should've registered it in September 2013. This is because they had bought the debt in March 2013. After six months of Miss H's repayments under the debt management plan, they felt they could then register the default. They offered Miss H £100 compensation for not having done this.

Miss H didn't agree with them. She also complained that Arrow didn't send her statements to her quickly enough.

Arrow wrote their response on 14 December 2018. They didn't agree with changing the default date to March 2012 as they didn't have statements from S to show how payments had been made. They asked Miss H to provide these. They did agree that they had delayed sending statements so offered her further compensation of £50.

Miss H didn't agree with this decision so she came to us.

Our investigator found that Arrow should've registered the default in March 2012.

Arrow didn't agree with this outcome so that complaint has now come to me.

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'm partially upholding this complaint. I think that the date the default should've been registered is when Arrow bought the debt in March 2013. I'll explain why.

Arrow has said that they wouldn't have registered a default until there were six months of arrears. This follows their internal process which is in line with ICO guidelines that say that defaults should be registered when there are between three to six months of arrears.

I agree with Arrow's policy as it is in line with ICO guidelines. But, I think that the three to six months should've started when Miss H entered into the debt management plan. In this case, the default should then have been registered any time between January 2012 and April 2012.

The problem is that Arrow didn't own the account at this point so they couldn't have registered the default.

As I said in my provisional decision, I can't hold Arrow responsible for S not registering the default. This is something that Miss H might want to take up with S as they are the only ones who could be asked to register the default earlier. Then Arrow would be bound by this.

When Arrow bought the debt in March 2013, I think that this is when they should've registered the default. At this point, they would've known that there were already six months' arrears on the account. This is also shown on the debt repayment plan that Miss H has provided. So, they would've been following their policy by registering the default as soon as they bought the debt.

Miss H says that if the default could not be registered at the correct date because of non ownership at the time, then it shouldn't have been registered incorrectly as it's not a true ongoing reflection of the account.

I don't agree. I think that, as Arrow couldn't register a default when they didn't own the account, the only thing that they could do was to register the default when they bought the debt. I don't think that Arrow should be stopped from registering a default simply because it should've been done earlier. I think that registering the default was a true reflection of the account at that point even though it could've been registered earlier.

As I've stated above, if Miss H wants the default to have been registered earlier, then the only way of her doing this is to approach S.

As Miss H has been affected by a negative credit file for longer than she should've been and has had to bring this complaint, I think that it is fair and reasonable for Arrow to pay her £50 compensation.

my final decision

For the reasons given above, my decision is that Arrow Global Limited:

1. backdates the default on Miss H's credit file to March 2013; and
2. pays £50 compensation to Miss H, for the distress and inconvenience suffered by her in bringing this complaint and in having her credit affected for longer than it should've been; and
3. pay £150 to Miss H, if not already paid, as offered in their letters.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 26 December 2019.

Rita Parmar
ombudsman