

complaint

Mr L complains that Cabot Financial (UK) Limited wrongly increased the amount owed on a debt it had purchased, wrote a threatening letter, failed to credit all the payments made and failed to respond to requests for an explanation of the situation.

background

In 2013 Cabot was assigned a debt Mr L had with a bank, and had been paying through a debt management plan set up with a charity. When Cabot gave him figures for the balance, they were significantly more than the figures he got from the charity.

Our adjudicator did not think the letters Cabot had sent were threatening, and said it appeared that Cabot had credited payments made to it correctly. However she said a letter Cabot sent saying it had not received any contact and needed to set up a repayment plan, should have acknowledged that it was already receiving payments. Cabot had not responded to Mr L's complaint or to this service. She recommended that Cabot paid Mr L £150 in compensation for the distress and inconvenience caused by that.

Cabot responded to say that it had received contact separately from both Mr and Mrs L and from us, and it had six separate accounts of theirs assigned to it from the same bank. That had caused confusion and would take some time to resolve. It said that the concern that initial balances assigned were incorrect was a common problem when the charity was managing debts, because the charity relied on the consumer to give a figure for the initial balance. It said it hope to be able to review matters in mid-August and would then send an update. We have not heard more.

Mr L responded to say the amounts paid to Cabot were not now in dispute: his concern was the balance when the debt was transferred to Cabot.

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 cannot see grounds to uphold most of this complaint:

- the proper amount of the debt when transferred from the bank to Cabot, has now been dealt with in a separate complaint Mr L made to us about the bank. Mr L has accepted the view given on that complaint that the amount was correct;
- I agree with the adjudicator that Cabot's letters were not threatening, but one of the letters failed to recognise that regular payments were already being made to try to pay off the debt;
- Mr L now seems to agree that the payments made to Cabot have been credited to the account.

However like the adjudicator I am concerned about the lack of any adequate response from Cabot. Mr L says Cabot did not respond when he first wrote on this issue in 2013. When we sent Mr L's complaint to it in March 2015, it initially questioned whether the complaint should have been referred to it (rather than the bank or the charity). It then failed to send a

response to Mr L, or to send us its business file when requested. I appreciate that Mr and Mrs L have more than one account with Cabot, and may have been in touch more than once. If Cabot have found it difficult to sort out the situation with the various accounts then it can only be harder for Mr and Mrs L, who have had the worry of being unsure exactly what they owe and whether the payments are being credited. It is now six months since we first contacted Cabot. Cabot's failure to provide a full response has inevitably increased the upset and trouble for Mr and Mrs L. I think it is fair and reasonable for Cabot to pay Mr L £150 in compensation for that.

my final decision

My decision is that I uphold this complaint only in respect of Cabot's handling of the complaint. In full and final settlement I order Cabot Financial (UK) Limited to pay Mr L £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 November 2015.

Hilary Bainbridge
ombudsman