

complaint

Mr C complains that Cabot Financial (UK) Limited hasn't removed a default from his credit file.

background

In April 2012 Mr C took out a credit card with Provider A. He used the available credit by December 2012, and didn't pay off the balance. Provider A asked Mr C for payment but in early 2013 it registered a default on his credit file.

In February 2014 Cabot bought the debt from Provider A. Mr C complained in January 2015. He said he made a payment to Cabot on 20 January 2015 for £120 and he understood this settled the debt.

Mr C thought that his payment would make Cabot remove the default. He said there is a difference between the balance on the default notice and on his credit file. Mr C also says the default has cost him employment opportunities and that Cabot's handling of his complaint was poor.

Our adjudicator said that Cabot doesn't have to remove the default. However, he did ask Cabot to change the date of registration and the amount recorded. Cabot agreed to this. He also said Cabot's complaint handling appeared to be ok. Mr C disagreed and asked for a 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 reviewed the credit card statements, I can see that Mr C used his credit limit from April 2012 to December 2012. He made some smaller payments in July, August and October 2012, but these did not reduce the balance enough. It appears that Provider A registered a default against Mr C because he was missing his contractual payments and simply wasn't responding to its attempts to contact him.

Mr C says that Provider A didn't send him a default notice. But I have seen a copy of this and it appears to be correctly addressed to Mr C. Even if I accepted that Mr C didn't get it, from the evidence available it appears he wouldn't have made payment at the time. Mr C only made a payment to the account relatively recently. I don't think a default is an unfair reflection of the status of the account at the time.

However, even though the default notice was issued in December 2012 Provider A didn't register the debt as defaulted until April 2013, some four months later. During this time interest of £41.45 had been added to the debt. This explains the difference in the figures which Mr C has told us about.

I see that Cabot has agreed to change the default start date to January 2013. It has also agreed to reduce the debt to the amount stated on the default notice (£639.55). I am satisfied this is reasonable in the circumstances because Provider A hasn't fully explained why it took four months to register the default on Mr C's file. However, I don't think this means that Cabot should remove the default altogether as it is a fair and accurate reflection of Mr C's account at the time.

Following Cabot's purchase of the account I note that Mr C made a payment of £120 to it in January 2015. However, I haven't seen strong evidence to suggest that Cabot promised Mr C the default would be removed. Also, even if a full payment was made to bring the balance down to zero, this wouldn't be enough for the default to be removed because it had already been correctly registered.

Mr C says it's been difficult for him to get his preferred employment as a result of the default. I take on board his current position and I sympathise. But this doesn't mean that Cabot should have to remove it.

I have reviewed Cabot's contact with Mr C. I can see it notified him in writing that it had purchased the account. And it did respond to his complaint. Even though it didn't provide the outcome he wanted, I can see it dealt with his complaint in a timely manner and the content of its response seems to be quite detailed. I don't think Cabot's customer service has been poor in this case.

I realise this isn't the outcome Mr C wanted, but I don't think Cabot has acted unfairly in this case.

my final decision

In full and final settlement of this complaint I now leave it to Mr C to decide if he wants to accept Cabot's offer to backdate the default to January 2013, and correct the defaulted balance to £639.65.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 November 2015.

Mark Lancod
ombudsman