

complaint

Mr L complains that Lowell Financial Ltd placed a default marker on his credit file.

background

Mr L had an account with a bank I will call N. He had an outstanding balance which he didn't pay. He says he wasn't aware of this debt and so it remained unpaid. N registered a default and sold the debt to Lowell. In March 2017 he agreed a repayment plan with Lowell and I gather the debt has now been cleared. More recently he was trying to get a mortgage and discovered the default on his credit file

His complaint was rejected by Lowell so he brought it to this service. It was considered by one of our investigators who didn't recommend it be upheld. Mr L said he had been travelling a lot with his job at the time the account fell into arrears and he hadn't seen any notification of the debt.

The investigator reviewed the statements sent out by N and she was satisfied they were correctly addressed to Mr L. She thought it would be difficult to accept that Mr L didn't get his monthly statements or any other documents throughout the period he was in arrears.

She looked at the activity on his account and noted his last payment towards the balance was in April 2016 when he paid £40.68. At that point, he knew his closing balance was still £322.95 as the statement made this clear. After April 2016 no payments were made until Mr L discovered the debt in March 2017 and made arrangements to pay it off.

She didn't think it reasonable to conclude Mr L wasn't aware that he owed N money. He may have overlooked the debt, but that wasn't the fault of either N or Lowell. As there were no payments towards the outstanding balance for months, N put a default on Mr L's file. The investigator thought this reasonable and it was something she would expect it to do, not least because it has an obligation to report such matters to the relevant credit reference agencies.

She concluded she couldn't identify any errors on the part of either N or Lowell. Mr L didn't agree and said that he hadn't been properly notified of the debt by recorded delivery.

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 would say at the outset that I am in agreement with the investigator for much the same reasons which she has set out in her opinion letter. I trust Mr L will not take amiss if I don't repeat these in detail. I am satisfied that N issued statements to Mr L every month and so he would have been aware of his debt. If he wasn't, due to him traveling for work, I cannot hold N or Lowell to blame. His account is his responsibility and it was up to him to ensure he paid the money he owed.

N sent statements to the correct address and I have seen nothing to show these were returned undelivered. I am satisfied it followed the correct process in registering the default and duly notified Mr L. I would add that it isn't obliged to send notifications by recorded post.

I appreciate Mr L finds himself in a difficult situation as he is trying to get a mortgage the default is making that problematic. While I have sympathy with his position I cannot conclude the business did anything wrong or that it should remove the default marker.

my final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 13 October 2018.

Ivor Graham
ombudsman