

## **complaint**

Mr A has complained that Link Financial Outsourcing Limited is chasing him for repayment of a debt of over £300,000. Mr A says that Link has already acknowledged that he agreed with the original creditor in 2015 that he would repay £36,000.

## **background**

Mr A had a mortgage with a bank. The account fell into arrears. On 5 May 2015 Mr A entered into an agreement with the bank which was embodied in a written contract between them.

It was agreed that Mr A would pay £300 per month for 120 months (so a total of £36,000) beginning in June 2015, which would be accepted by the bank in full and final settlement of the outstanding debt. The bank also agreed to release its security over the property. As a result, the debt became unsecured.

The bank later sold the debt to Link. In 2017 Link contacted Mr A claiming he owed over £300,000, rather than the balance of the £36,000 that had been agreed with the bank. Mr A complained to us. Link accepted it had made a mistake and apologised.

But in 2018 Link again contacted Mr A claiming he owed substantially more than the actual debt. Mr A contacted us, and an adjudicator looked at the complaint. Link failed to respond to any of his enquiries, so the adjudicator assessed the complaint on the basis of the information available to him.

Having done so, he was satisfied Link had once again made the same error as in the past by disregarding the agreement Mr A had entered into with the bank on 5 May 2015.

The adjudicator upheld the complaint. He asked Link to send Mr A an up-to-date statement showing the correct balance, re-allocate his payments to reduce his actual balance and pay £150 for the trouble and upset caused.

Link failed to respond, so the case has been passed to me 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 done so, I'm upholding this complaint.

I'm satisfied Link has repeated the error it made in 2017 by claiming Mr A owes over £300,000, when his debt is the residue of the £36,000 as per the agreement of 5 May 2015.

Link has provided no explanation for this, but I'm satisfied it is bound by the 5 May 2015 agreement. Furthermore, I've seen Link's response to the previous complaint dated 6 December 2017 in which Link accepted it had failed to take note of the agreement with the bank. I find Link is therefore estopped from disputing the existence and the legally-binding nature of the agreement with the bank; as purchaser of the debt which is the subject of that agreement, Link is bound by it.

I'm satisfied Link's actions caused Mr A distress and inconvenience. I think £150 compensation is too low, given this is a repeat of Link's poor conduct from 2017, and its failure to provide any response to the complaint. I am instead ordering Link to pay compensation of £300 to Mr A.

Prior to issuing this decision I told Link I intended to do this and gave it an opportunity to respond by a particular date. Link asked for an extension of time to respond, which I granted. But the deadline has passed and Link has failed to respond.

In the circumstances, given the absence of any response from Link to this complaint, and taking into account the trouble, upset, distress and inconvenience caused to Mr A, I am satisfied an award of £300 compensation is fair, reasonable and proportionate.

### **my final decision**

My decision is that I uphold this complaint. In settlement I order Link Financial Outsourcing Limited to do the following:

- provide Mr A with up-to-date statements of his account;
- ensure all payments are correctly allocated to the account;
- write a letter of apology;
- pay Mr A compensation of £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 March 2019.

Jan O'Leary  
**ombudsman**