

complaint

Mr P complains Lowell Portfolio I Ltd, ("Lowell"), pursued him for a debt that had already been established wasn't his.

background

Lowell bought an existing account from another lender in 2015. It then contacted Mr P to seek repayment.

Mr P said he'd previously informed the original lender he didn't recognise the debt. He said his concerns had been resolved at the time and the original lender submitted information to the relevant agencies showing the account had been opened fraudulently.

When Mr P complained to Lowell it explained it had traced the debt to his address, which is why it thought he owed the money. It agreed to stop pursuing him for repayment.

Mr P wasn't happy with this response, and asked for compensation.

Our adjudicator considered the complaint, and said he didn't think Lowell had carried out appropriate checks when it bought the debt and before it contacted Mr P. Because of this he recommended it should pay him £100 to put things right.

Lowell didn't agree. It said it had carried out suitable checks and asked the original lender numerous questions about the account, but wasn't able to provide any evidence of this. It also said it couldn't be held responsible for the actions of the debt collector it instructed to recover the debt and, likewise, the debt collector wasn't responsible for the acts of the debt purchaser.

As there was no agreement, the complaint's been passed to me for review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Lowell's explained the process it follows when it purchases a debt in some detail. This includes speaking to the creditor it's dealing with to get as much information as it can.

Our adjudicator asked Lowell to provide evidence to show what it asked the original creditor when it bought the debt. Unfortunately, it said it couldn't do this and didn't have this information in its records, but it still assured him proper checks had been carried out.

I've seen that information about the debt was registered with CIFAS more than two years before it was purchased. And this clearly shows Mr P wasn't responsible for it. So I think if Lowell had carried out detailed checks to the extent it's described it should have been aware of the fraud.

As it can't show me that it did check the debt was legitimately owed, and given I know that information showing it wasn't readily available at the time, I can't be satisfied the checks were actually carried out.

Whilst Lowell's said it can't be held responsible for the actions of the debt collection company it instructed, the key issue here is whether Lowell *acting as debt purchaser* made sure first of all the debt it sought to recover was one that was legitimately owed. How the debt collection agent then traced Mr P is secondary to this.

Referring this debt to collection agents when it should have been apparent the account had been opened fraudulently has caused Mr P some inconvenience. He's had to persuade Lowell he isn't responsible for the debt when this shouldn't have been necessary. I've also seen that Lowell's been reluctant to engage in any form of mediation to try to resolve this complaint quickly, adding to Mr P's inconvenience.

my final decision

My final decision is that to resolve matters Lowell Portfolio 1 Ltd should pay Mr P £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 3 May 2016.

Ashley L B More
ombudsman