

complaint

Mr S complains that PRA Group (UK) Limited is chasing him for payment after it said his debt was paid off. He is represented by a relative, but for simplicity's sake I shall refer to all representations made on behalf of Mr S as if he made them.

background

In 2014 Mr S was told by his debt management company (DMC) that a credit card debt bought by PRA had been cleared. But PRA continues to chase for payment of about £3,000. Mr S says he can't owe that much and his account has been mismanaged or mixed up with someone else's. He wants PRA to write off any remaining debt and pay compensation for the stress and upset it has caused.

PRA says the DMC asked for the balances of accounts it managed for various clients including Mr S in May 2014. But the account number the DMC supplied for Mr S was incorrect – so PRA's systems didn't recognise it and responded with a nil balance. PRA told the DMC that was wrong shortly afterwards and Mr S still owes £3,203.

Our adjudicator doesn't recommend the complaint should be upheld. She is satisfied PRA properly applied the payments it received towards Mr S's debt. And she can't hold PRA responsible for what the DMC may have told Mr S - so she couldn't fairly ask PRA to write off the debt.

Mr S says there must have been a discrepancy somewhere. And insurance linked to his debt management plan was cancelled because of what happened - so he has lost out financially.

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 have come to the same conclusions as our adjudicator for much the same reasons.

This debt was part of a plan being managed for Mr S by a DMC that included other debts. So I appreciate it may not always have been easy for Mr S to see how much he owed on each individual debt. And I understand it must have been frustrating for him to be told by the DMC that this debt was clear, when PRA says it's not.

PRA accepts it told the DMC that Mr S's account balance was zero in May 2014, which was wrong. But I'm satisfied PRA corrected that within two weeks, when it told the DMC the balance was nearly £3,000. I can see that the DMC had queried the nil balance in the meantime, so I think it must have suspected Mr S had more to pay at the time. And I'm not persuaded I can fairly hold PRA responsible for the DMC telling Mr S his account was clear in the circumstances.

Mr S says he had insurance for this debt under his debt management plan. And he would have been able to claim on that since if it hadn't been cancelled when the debt was removed from the plan- after PRA notified the nil balance. So it's unfair for PRA to chase the money now.

I can see that PRA asked the DMC to reinstate the debt on to Mr S's plan in July 2014. It seems the DMC never did so, but it's not within my remit here to investigate the actions of

third parties. I'm satisfied PRA wasn't responsible for the administration of Mr S's debt management plan. And I can't reasonably hold it liable for the cancellation of the insurance in the circumstances.

I appreciate Mr S is concerned about how PRA managed his account, in the light of what happened. He considers the balance claimed now by PRA must be wrong - because the DMC said the debt would be paid off in five years, in 2010.

I have looked at Mr S's credit card statements. I can see that the debt was around £6,000 in early 2010. But interest and charges continued to build up until April 2011, by which time the debt had increased to about £7,000. By June 2012 it had reduced to £5,489 – and that's when the original lender sold it to PRA (known at that time as Activ Kapital). Mr S says he has paid £2,286 since then and PRA says £3,203 remains due.

From the evidence I have seen I'm not persuaded it's likely that Mr S's payments have been mismanaged or misallocated. So I can't fairly require PRA to write off the debt or reduce it in the circumstances.

I sympathise with the situation Mr S finds himself in. I can see that he has been doing his best to repay his debts. And I have no doubt he has found this situation very stressful and upsetting. But I'm satisfied Mr S hasn't paid off this debt in the way that he thought. And I am not persuaded there are grounds here for me to find that PRA should write off the outstanding balance or otherwise compensate Mr S for what happened.

I realise this decision will come as a disappointment to Mr S. But he doesn't have to accept it and he remains free to pursue the matter by any other means that may be available to him. I remind PRA of its obligations going forward to treat Mr S sympathetically and positively if he is experiencing financial hardship.

my final decision

My decision is that I do not uphold this complaint.

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

Claire Jackson
ombudsman