

## **complaint**

Mr D is unhappy that CitiFinancial Europe Plc sold a debt to a third party debt collection company even though Mr D had repaid it in full. Mr D wants CitiFinancial to compensate him for his trouble and upset.

## **background**

In 2008, Mr D defaulted on his CitiFinancial loan account. CitiFinancial instructed a third party debt collection business, company L, to agree repayment. By May 2011, Mr D had repaid the debt in full.

A second debt collection company started writing to Mr D to tell him that he still owed money to CitiFinancial.

Mr D tried to find out what had happened but this proved difficult. Mr D complained to this service about the second debt collection company. That complaint wasn't upheld. We concluded that an error had been made on Mr D's account. But it wasn't the fault of the second debt collection company.

Our adjudicator considered that Mr D's complaint against CitiFinancial should be upheld. She thought that CitiFinancial made an error when it sold Mr D's debt to the second debt collection company. Our adjudicator recommended that CitiFinancial pay Mr D £400 compensation. This is because Mr D had to spend a long time trying to resolve his complaint and his credit record was affected.

CitiFinancial doesn't agree to pay compensation. It says Mr D breached his credit agreement. And it was entitled to pursue payment of the relevant fees and charges after Mr D had repaid the principal balance on his account.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I don't consider it useful to repeat what the adjudicator has already said in two different complaint views. I agree that Mr D has been let down by CitiFinancial's handling of his account and subsequent complaints. Mr D paid what he was told he owed. I can understand why he was surprised and upset to receive further debt collection letters a few years after he thought his debt was settled.

Company L says it told CitiFinancial that Mr D had settled his account in full. CitiFinancial says Mr D repaid the principal balance but not the fees and charges that had been added. And as one of company L's payments to CitiFinancial bounced, it looked like Mr D owed more money.

I agree with our adjudicator that it isn't reasonable of CitiFinancial to expect Mr D to pay any more than he agreed with company L. Mr D shouldn't be responsible for any miscommunication between CitiFinancial and company L over the amount of the debt.

Mr D has spent considerable time and effort trying to resolve matters. CitiFinancial hasn't been willing to accept responsibility for the error. Mr D has had to write to two separate debt

collection companies to get to the bottom of what happened. Mr D's credit file was affected for longer than it should have been. I can appreciate that Mr D has found the experience unnecessarily stressful. CitiFinancial could have helped Mr D much more when he raised his complaints.

In the circumstances, I am persuaded that it is reasonable to require CitiFinancial to pay Mr D £400 compensation. As Mr D's credit file has already been amended, I don't find that CitiFinancial needs to remove any entries.

**my final decision**

My decision is that I uphold this complaint and order CitiFinancial Europe Plc to pay Mr D £400 in full and final settlement.

If CitiFinancial hasn't already done so, it must mark Mr D's account as settled in full.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 13 July 2015.

Gemma Bowen  
**ombudsman**