

complaint

Mr H complains that CitiFinancial Europe Plc told him his credit card account had been written off when it had actually been sold to a debt purchaser.

background

Mr H had a credit card account with CitiFinancial. Mr H says he contacted CitiFinancial in early 2011 to pay off the balance on the card but was told the debt had been 'written off'. Mr H took this to mean there was nothing more to pay.

In 2016, Mr H says he discovered that a debt purchaser company had registered a default on his credit file relating to the credit card he'd had with CitiFinancial.

The debt purchaser say they wrote to Mr H in June 2011 making it clear the debt still existed. Mr H says he never got the letter. And due to the failure to pay, a default was placed on Mr H's credit file.

CitiFinancial say they don't have any record of what was said to Mr H when he contacted them in early 2011 or indeed any arrangements they might have agreed with Mr H.

Our adjudicator that looked into this complaint felt that CitiFinancial had dealt with Mr H's complaint fairly but asked it to pay Mr H £100 as compensation for failing to deal with Mr H's complaint in a timely manner and not issuing a final response.

Mr H didn't agree with the adjudicator's findings and the complaint has been passed to me for a fresh review and 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.

In my view, whilst it looks as though the debt purchaser probably did write to Mr H, I don't think we can safely say Mr H got the letter. Based on his earlier intentions to clear the debt in early 2011, I don't think Mr H would have ignored the letter.

I think CitiFinancial should have done more to ensure Mr H understood his account had been sold to a debt purchaser. Had Mr H known this, I think he would have acted swiftly to clear it. Mr H has said he cleared two other outstanding payments around the same time and I don't have any reason to believe he wouldn't have done the same with this one. As the debt purchaser is a third party, I cannot, in this decision - direct it to do anything.

Obviously the terminology is important here and the ordinary meaning of a debt being 'written off' would make the ordinary person think the debt has gone away and doesn't need to be paid. We don't have the telephone recording so we can't say for certain what was said. And because Mr H says he didn't receive the letter from the debt company in summer 2011, it means there has been a total breakdown in communication and Mr H didn't know that he owed a debt.

I agree with the adjudicator that CitiFinancial should pay Mr H £100 for failing to communicate in a timely manner and issue a final response; however, I intend to go a step

further and award compensation for giving Mr H the wrong information about the status of his account, which had a significant impact on him. Most importantly, Mr H's credit file was affected and this created further borrowing issues. I believe that Mr H is likely to have settled his account if he knew the debt was outstanding. By giving Mr H the wrong information, a series of consequences have occurred which caused a great of trouble and upset for Mr H.

my final decision

For the reasons I have explained my final decision is to order CitiFinancial Europe Plc to pay Mr H a total sum of £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 October 2017.

Shakeela Ahmed
ombudsman