

## **complaint**

Mr A complains that Arrow Global Limited is pursuing him for a debt which he has already paid off and that a default is wrongly recorded on his credit record about it.

## **background**

Mr A had a store card account run by a credit card company (which I shall call B). In 2010 he got behind with payments. A debt counselling service (which I shall call C) helped him set up a debt management plan (DMP) covering this and significant other debts. It passed on regular payments. In July 2012 C sent Mr A a monthly statement about his DMP which showed that he had paid £248.12 toward the store card account to date and said the estimated balance had just come down to zero. However in 2014 Arrow (to which the account had been assigned) told Mr A he still owed £301.46. After an issue over two different account numbers being used was investigated, Arrow said B had located additional payments to the value of £56.85, and it revised the balance to £244.61.

Our adjudicator did not recommend that the complaint was upheld. She provided copies of transaction statements from B, and pointed out that they reflected the payments made by C. She did not think the debt had been fully repaid. She said she was satisfied that, as Mr A had not been making the minimum contractual payments, the information reported to credit reference agencies had been accurate.

Mr A disagreed. He felt the issue about the two different account numbers still hadn't been fully investigated. He still thought he had fully paid off the debt, and pointed out that the additional £56.85 of payments had only been identified after he complained.

## **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 can understand why Mr A is concerned when he had the letter from C suggesting the debt was paid off but Arrow are saying he still owes money, and when there has been the issue over two different account numbers and payments which had not been credited..

However, having considered matters carefully, I cannot see grounds for me to criticise Arrow: I am only able to consider here the actions of Arrow, not those of B or C.

I know the issue of the two account numbers is important to Mr A. I am not entirely sure how that arose but I can see two main possibilities:

- C's list of Mr A's debts included two for B with the same account number ending in 3116. One was shown in 2010 as having an estimated balance of £191.79 and the other as having a balance of zero. That makes me wonder if at one time Mr A had had two accounts (but paid one off) and whether C had been mistaken in giving the same account number twice. There is an indication in records supplied by Arrow, that it had been told (I think by B) that one of the two account numbers involved was actually an account for a different store, and had a zero balance;
- the other possibility, which I think is actually more likely, is simply that B changed the account number for some reason in 2010. When we asked Arrow to get records of

transactions on the two account numbers, the record of transactions for the account ending in 1116 ends in April 2010 and the one for 2354 starts in May 2010.

I cannot be sure about that, but I am more confident I understand why the £56.85 had not initially been deducted from what Mr A owed. I think that by 2012, B had passed the debt on to another body, and so reduced the amount showing on its own records to zero. But C continued to make payments to that account, resulting in a total of £56.85 being paid there, and Mr A getting a statement from B in January 2013 for account ending 2354 showing he owed -£56.85 ie that he was in credit to that amount.

But I have to say I have not seen anything to suggest that there are other payments Mr A made which had not been taken into account in what he was initially asked to pay. Although C told Mr A in 2012 that the estimated balance on this account was zero, it did say 'Please note that all balances are estimates. The success of your Debt Management Plan (DMP) relies upon you updating your balances regularly.' C's calculation of the estimated balance on his account clearly assumed that no more interest or charges were being added, and that all the payments were being used to reduce the debt. However it is clear from B's transaction records that that was not the case. Every month from September 2010 to December 2011 Mr A was being charged a £12 late payment fee and interest of about £3 or £4: but he was only paying about £8 or £9 a month. So during that period his debt was increasing all the time: not reducing.

Whether that is what should have happened is a matter between Mr A and B and C. I cannot reasonably hold Arrow responsible for that. It only became involved later. I think it has made reasonable investigations into the issues Mr A raised with it. I do not think I could expect Arrow to do more at present. He still owed money on the account when it was assigned to Arrow because he had not been paying enough to cover even the interest and charges he was incurring: not because of anything to do with the two account numbers.

I do not think it is unreasonable for Mr A's account to be shown as having defaulted. As the adjudicator explained, when he had not been able to pay enough to cover the required minimum payments for some time, the registration of a default was an accurate reflection of the state of the account.

If Mr A wished to pursue further the question of the interest and charges and his DMP, then he would need to take that up with B and possibly C.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 8 July 2015.

Hilary Bainbridge  
**ombudsman**