

complaint

Miss F complains that Arrow Global Limited didn't default two of her accounts when she entered into a debt management plan.

background

Miss F was suffering financial difficulties so she entered into a debt management plan in January 2012. She had debts on two store card credit accounts that were then transferred to Arrow Global – the first in December 2012 and the second in May 2013. The debts were settled by Miss F in January 2016 and April 2017.

She complained to Arrow Global in October 2018 that those accounts should've been defaulted when she entered into her debt management plan. It said that entering into a debt management plan wouldn't automatically default an account. It said that the first account was paid off in full in January 2016 and the information reported to the credit reference agencies has been updated and reported accurately. And it said that the second account wasn't defaulted due to it being part of a payment arrangement where interest and charges weren't applied to the account. Miss F wasn't satisfied with its response so complained to this service.

The investigator didn't recommend that this complaint should be upheld. She said that the debt on the first account decreased throughout the period that Miss F was on a debt management plan, the repayment agreement wasn't broken and the account was settled in January 2016 – which had been reported to the credit reference agencies. And she said that Miss F's repayment arrangement with the original creditor for the second account continued when the debt was sold to Arrow Global, the debt decreased throughout the period of her debt management plan and was settled in April 2017 – which had been reported to the credit reference agencies. So she thought that Arrow Global had reported an accurate reflection of Miss F's accounts and she said that she couldn't ask it to remove that information.

Miss F has asked for her complaint to be considered by an ombudsman. She says that she was in arrears prior to the debt management plan and the accounts should've been defaulted like her other debts. She says that when she contacted the original creditors they said that the debts had been sold to Arrow Global and it was responsible for amending the record. She says that as a result of the accounts not being defaulted she's being adversely affected for eleven years rather than six years. And she refers to a decision that's been issued by this service on another complaint in circumstances which she says are the same as hers.

my findings

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

Miss F entered in to her debt management plan in January 2012. The first account was transferred to Arrow Global in December 2012 and Miss F continued to make reduced repayments to the account which reduced the outstanding balance until it was settled in April 2017.

The second account was transferred to Arrow Global in May 2013 and was under a repayment arrangement. Miss F made those repayments so the debt on the account decreased until it was settled in April 2017.

There's no requirement for a creditor to default an account because a debtor has entered into a debt management plan. Miss F was making repayments to both accounts and there was no requirement for the original creditor or Arrow Global to default either of the accounts. I consider that the information that Arrow Global has reported to the credit reference agencies is a true and accurate record of Miss F's payments on the accounts.

This service considers each complaint on its individual merits. But Miss F has referred to another decision that's been issued in circumstances that she says are the same as hers. I've read that decision and I'm not persuaded that the circumstances are the same. That decision relates to an account which should've been defaulted before the debtor entered into a debt management plan – and I've seen no evidence to show that Miss F's accounts should've been defaulted before she entered into her debt management plan.

Although I sympathise with Miss F for the difficulties that she's experienced, I'm not persuaded that there's enough evidence to show that Arrow Global has acted incorrectly in its dealings with Miss F's accounts. And I find that it wouldn't be fair or reasonable for me to require it to amend the information about the accounts that it's recorded on her credit file – or to take any other action in response to her complaint.

my final decision

For these reasons, my decision is that I don't uphold Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 14 March 2020.

Jarrold Hastings
ombudsman