

complaint

Miss R complains that Hitachi Capital (UK) Plc ("Hitachi") sold her debt without advising her and should not have included interest in that debt.

Background

Miss R took out a fixed sum loan in April 2017 but when her circumstances changed she had difficulty meeting the repayments. In October 2018 a payment plan of £1 per month for 12 months was agreed with Hitachi but they subsequently sold the debt, to a company I will call L, in November of that year.

Miss R was disappointed to hear her debt had been sold on. She believes Hitachi should not have done that and she's disappointed that they didn't tell her that was their intention. She's also upset that the debt that's been sold includes the interest that was due on the original loan. She thinks that only the capital sum should have been sold on and she's explained that's what her other creditors have done. She's also expressed concerns that Hitachi would not tell her what they sold the debt for.

Hitachi said they had a legal right to transfer the debt and that this was explained within their terms and conditions. They said they hadn't added any extra interest to the debt than was agreed under the original fixed sum loan. They didn't think they needed to tell Miss R what they sold the debt for because they explained this was commercially sensitive information.

So Miss R referred her complaint to this service and our investigator provided his opinion. He didn't think Hitachi had done anything wrong. He explained that the terms of the fixed sum loan agreement stated "*we may assign or transfer our rights under the agreement to an entity that is appropriately authorised*". So he thought it was clear Hitachi were able to sell on the debt.

He noted that Hitachi hadn't told Miss R they were selling the debt but he didn't think this meant they couldn't make a commercial decision to do so.

He explained that the amount the debt was sold for was a commercially sensitive piece of information and he would not expect Hitachi to divulge it. He understood that the sale price had not affected the amount of the debt in any way so he didn't think Hitachi had been unreasonable.

He also didn't think there was evidence that the amount due under the agreement had been increased with any additional interest and he didn't think the amount of the debt needed to be just the capital sum. He understood that Miss R had explained other creditors hadn't transferred the interest portion of the original debt but he didn't think their actions were important here. He was only considering the actions of Hitachi and he thought, overall, they'd been reasonable.

Miss R disagreed with the investigator. She said Hitachi had acted illegally when transferring the debt and that their agreement said they "*may*" transfer their rights not that they "*would*". She insisted they should have told her before selling on the debt and she therefore asked for a final decision by an ombudsman.

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 agree with the investigator's view. I know that will disappoint Miss R so please let me explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Hitachi are able to legally sell on the debt. This is explained in the terms and conditions of the fixed sum loan they agreed with Miss R. I understand the agreement says they "*may*" transfer their rights but this doesn't mean they shouldn't: just that they can do if they choose to, as was the case here.

In those circumstances it's often the case that a business will inform the consumer that's what it intends to do. Here I can see that Hitachi hasn't chosen to do that. But I don't think that's disadvantaged Miss R in any way as they were always entitled to transfer the debt.

The debt is the total sum agreed in the fixed sum loan. Whilst I would not expect the business to be adding on any extra interest or charges in these circumstances, I don't think it would be fair to suggest they should reduce the amount due under the agreement either. So I would not agree that Hitachi have been unreasonable.

Hitachi would not want to disclose how much they sell debts for. That's information that, I think it's reasonable to say, they would not want their competitors or other debt collection companies to become aware of. I don't think it would be likely to assist Miss R's complaint either. The debt that was transferred appears to be the same: it's not been changed as a result of the sale.

Overall, I'm not persuaded that Hitachi have done anything wrong here.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 19 January 2020.

Phil McMahon
ombudsman