

## **complaint**

Mr K is unhappy with how PRAC Financial Limited (PRAC) pursued him for a debt which he thought was settled. PRAC generally acted through its legal representative – but for ease, I've just referred to PRAC in my decision.

## **background**

In January 2017, a lender wrote to Mr K to say it had sold his debt to PRAC. And PRAC then wrote to him to say it now owned the debt and gave him options about how to repay it. Because it didn't hear back, it continued to contact Mr K until he called in September 2017. He said he'd never dealt with the lender and asked for a copy of the credit agreement. PRAC requested this and, in the meantime, the account was placed on hold. In December 2017, PRAC sent Mr K an annual statement and a letter which confirmed that it's still waiting for the credit agreement and that the matter remains on hold.

Mr K and his representatives raised concerns – namely that PRAC hadn't provided information to support the disputed debt, and that it continued to harass Mr K by sending an account statement.

On 25 January 2018, PRAC sent Mr K a copy of the credit agreement. Mr K and his representatives remained unhappy. In summary, they didn't think they had been given the original credit agreement and didn't believe the debt had been assigned properly to PRAC. They said Mr K didn't have any legal liability for the debt, and that he was being harassed when he had serious health issues.

PRAC replied to Mr K's complaint – it said it was the original agreement, and that it was taken out online with a digital signature. It explained that the debt was correctly assigned, and that the name of the original lender changed, which Mr K was told about by email in 2015. It asked Mr K to contact it to find an affordable payment plan and asked for medical evidence to support his health.

In late February 2018, Mr K's account was placed on hold again, because he had a complaint with the lender. Mr K continued to raise concerns with PRAC, and in early March 2018, it wrote to Mr K – it asked him to stop contacting PRAC directly, and instead contact its legal representative. It also went through the details of the credit agreement and account statement again, and explained how the debt had been assigned. And it requested Mr K to contact it in seven days to discuss repayment, or it would seek instructions to start legal proceedings. Later in March 2018, PRAC said it had heard that the original lender hadn't upheld his complaint – so it wrote to Mr K about paying the debt and the possibility of legal action.

Mr K and his representatives remained unhappy and in April 2018, he explained that the original lender had settled the matter. On 2 May 2018, PRAC wrote to Mr K to confirm that it had now heard from the lender that it would recall the account and pay a settlement – so it would close its file.

Mr K brought his concerns to our service. In summary:

- He doesn't think his account was properly assigned – from his original lender to the lender that sold the debt to PRAC. And he says the original lender wrote off the debt in 2012. As a result, he doesn't think PRAC should have pursued him for this debt.

- PRAC made up the copy of Mr K's credit agreement – details were missing and, as above, he never had an account with the lender named on it.
- PRAC harassed him despite the lender asking him to put the account on hold and despite his explanation that the matter had been settled.
- It demanded evidence of his ill health, and it refused to deal with his representative.
- PRAC incorrectly made an entry on his credit file and carried out illegal searches.

Our investigator looked into the complaint and didn't think PRAC needed to do anything to put things right. Mr K disagreed, so the complaint has been passed to me to make a 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.

Mr K is concerned that the name of the lender who PRAC bought this debt from is different to the name of the lender he had an account with – and the debt wasn't assigned between the two. PRAC has said Mr K was told about the change by email in 2015. But in any event, I can't hold PRAC responsible for what happened with the name of his original lender – and whether he was told about how this had changed.

What's more relevant for this case is whether it was reasonable for PRAC to ask Mr K to repay this debt. And I think it was. There are clear links between the name of his original lender and the one PRAC bought the debt from. And indeed, I can't see why the lender who sold PRAC the debt would've bought it back and ultimately compensated Mr K, if he never had a debt with them.

In saying this, I've considered Mr K's point that this debt was settled in 2012. But, as I've said, PRAC isn't responsible for what happened before it owned the debt – and I don't think it was unreasonable for it to rely on information from the lender before about the outstanding amount. And when Mr K appropriately raised his concerns with the lender, PRAC placed Mr K's account on hold. So it gave him the opportunity for this to be investigated.

I've also considered that Mr K thinks PRAC made up the credit agreement. But it seems it simply passed on what it received from the lender. And I don't think the details Mr K has queried support the very serious allegation that PRAC interfered with the document in the process. Instead, I think this was more likely a result of how the agreement was reconstituted by the lender – and any concerns Mr K has about this should be directed to them. So I don't think PRAC did anything wrong here.

I do understand Mr K's frustration that he had to wait some time to see a copy of the credit agreement. But I'm not convinced that was PRAC's fault, as it had to wait for the lender's response. And I can see that it kept Mr K updated and didn't ask him to repay the debt during this time.

Mr K thinks PRAC harassed him. From September 2017 to late January 2018 and late February 2017 to late March 2018, the account was placed on hold. During this time, I've seen that PRAC asked Mr K to repay the debt in its letter of 6 March 2018. It shouldn't have done this – but I don't think this one letter amounted to harassment.

When PRAC sent a copy of the credit agreement (in late January 2018), and when PRAC heard from the lender that Mr K's complaint hadn't succeeded (in late March 2018), I think it was fair for it to ask him to repay the debt – because it reasonably considered that it was owed. I've not seen that the way PRAC asked for repayment – both in what it said and how many times it said it – could be described as harassment. Instead, it asked Mr K to contact it to find a solution that would avoid further action being taken.

I realise that the lender did later settle Mr K's complaint and bought the debt back. That was a dispute between those particular parties – and I don't think it's something that PRAC should've foreseen. I also don't think it was unreasonable that PRAC waited for the lender's confirmation that the matter was settled, as opposed to taking Mr K's word for it – because it needed their commitment to recall the debt. And in any event, I note that PRAC confirmed that its file was closed two days after Mr K told it about the settlement.

I've considered what Mr K told PRAC about his ill health – and I can see it asked for medical evidence in reply. So I don't think his health was ignored, and I don't think it was wrong to ask for evidence – so PRAC could be assured that it was properly taking his health into account.

Mr K also explained that PRAC refused to communicate with his representative – and I can see that was because it didn't have a formal letter of authority. I think this was a reasonable precaution that PRAC took for the protection of Mr K's personal data. Ideally, it could've explained how to give such authority – but I don't think it really made a difference. PRAC still addressed Mr K's and his representatives' concerns – and Mr K's representatives replied to correspondence addressed to Mr K. I also note that Mr K's representatives are registered at his personal address and Mr K is the sole director – so it seems it would've been relatively straightforward to share the responses.

I've further noted Mr K's concerns that he had to contact PRAC's legal representative, rather than PRAC directly. A business is entitled to delegate its affairs, and it was clear with Mr K from the start who he should contact.

He also mentioned the entry and searches on his credit report. I understand PRAC removed the entry in September 2018. And the other searches are listed as *"Quotation and personal searches"* – sometimes called *"soft"* searches. This means that they're only visible to Mr K and they don't affect his credit score in any way. So I don't think they've caused him to lose out.

Overall, I don't agree with Mr K that he was harassed – or that PRAC treated him unfairly. Instead, it seems the majority of the communication that happened here was either his complaints or responses to them. It is of course Mr K's right to complain if he thinks he's been treated unfairly – and naturally, emotions do run high in these situations. But, having listened to a call where Mr K's comments were particularly offensive, I should point out that staff do not and should not have to put up with abusive behaviour.

### **my final decision**

My final decision is that I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 31 January 2019.

Emma Szkolar  
**ombudsman**