

## **complaint**

Mr S complains that Link Financial Outsourcing Limited pursued him for a debt it wrongly said he owed, wrongly recorded a default on his credit reference file and did not deal with him properly. He says Link should compensate him for extra mortgage costs, inconvenience and stress.

## **background**

In 2004 Mr S closed a credit card account with a bank. But in 2007 the bank paid out a membership subscription from the account and then imposed charges, recording a total debt of about £184. In 2008 the bank assigned the recorded debt to Link. The bank had recorded a default on Mr S's credit reference file, and that was then put in Link's name. Link contacted Mr S in 2010 about the alleged debt. He was living abroad, as he had been for some time. He strongly disputed that he owed anything. Mr S issued summonses against the membership organisation, the bank and Link. It seems that the membership organisation had claimed the money in error and it and the bank paid Mr S some compensation. The default record was removed in 2011. The court proceedings against Link were ended without consideration of the merits.

Our adjudicator did not recommend that the complaint was upheld. When Mr S disputed the debt, Link had requested information from the bank. She said that she did not think it was unreasonable for Link to have relied on information given by the bank. She did not think Link had made an error.

Mr S disagreed. He said Link had claimed he had a debt when he did not. He felt Link had failed to consider his evidence, and refused to communicate or take action. He had suffered as result. He had sent evidence that the bank had acknowledged the error to Link and asked it at least to show on his credit file that there was a dispute – as he was applying for a mortgage. But Link refused to do so or to communicate with him. Unless we thought he should simply have paid what was being demanded, then we must conclude that Link had acted without due diligence. Link had offered him £100 at one point, which showed they knew they were in some way at fault.

## **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 can see that Mr S has had considerable aggravation over this matter, and I can see it was particularly difficult when he was working abroad. It seems clear that a mistake was made back in 2007 – when the money was claimed by the membership organisation and paid by the bank. But that was certainly not Link's fault.

Link could not be expected to have known (or suspected) that any mistake had been made when it accepted assignment of the alleged debt in 2008, recorded the default and contacted Mr S about the debt in late 2010. While I do not condone the particular way Link contacted Mr S, I can't see that he suffered any loss as a result. Following that contact he was in a position to start getting matters (particularly his credit file) remedied.

As the adjudicator said, once Mr S questioned the debt, Link made efforts to check with the bank about it. I could not expect it to have done more at that point. But even after Mr S

initially complained to the bank, the bank defended its position. But it eventually produced statements showing how the alleged debt had arisen. By then Mr S had issued a summons against Link and matters were going down the legal, rather than the complaints, route.

I can understand why Mr S wanted his credit record amended as soon as possible. It appears that a notice of dispute was shown on the credit file for a period, while matters were investigated. Credit reference agencies would also have added what is known as a "notice of correction" to the credit file if Mr S asked: that would have enabled him to add his own short explanation about the situation.

But I couldn't expect Link to remove the default registration without actual evidence (not just Mr S's disagreement) that it was unjustified. Mr S had also issued a summons against the bank, and it seems that it was only in June 2011 that the bank settled that claim: accepting that there was no debt. It also then recalled the alleged debt from Link. Link confirmed to the credit reference agency in July 2011 that the account had been recalled and that it would delete the default entry. The credit reference agency confirmed to Mr S in August 2011 that the deletion had been made.

I appreciate that the timing was particularly awkward for Mr S as he was applying for a mortgage in 2011. I can also see that there were some issues about use of an old postal address and about whether Link would communicate by email. But Link was not responsible for the debt and default being wrongly registered in the first place. Once it knew there was a dispute it approached the bank for more information. I am not suggesting that Mr S should have paid money which he did not owe. But nor, in all the circumstances, can I see that it would be fair and reasonable for me to hold Link responsible for any delay in resolving matters and any effect of that on Mr S's ability to get the particular mortgage he wanted.

I know that Link did make an offer to settle matters at one point (which Mr S did not accept), but I think that that was simply to try to draw matters to a close rather than any acknowledgment of fault.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 October 2015.

Hilary Bainbridge  
**ombudsman**