

complaint

Mr H complains that Paragon Finance PLC have not reported arrears correctly to the credit reference agencies.

background

Mr H's three credit card debts were originally sold in 2012. Paragon Finance PLC (trading as Idem) acquired them in December 2016.

Idem say that, prior to selling the loan in 2012, the credit card provider had removed Mr H's credit limit and set a minimum monthly repayment. Mr H paid this regularly until May 2014 but then he paid token payments on all three accounts and Idem began to report missed payments to the credit reference agencies (CRA's). All three accounts are now more than six months in arrears but Idem haven't defaulted them.

Mr H says that if the accounts were defaulted when he first failed payments in 2009 he would have been in a better position than he is today. He says that as defaults are wiped out after 6 years he would have now been able to obtain credit at preferential rates and that his willingness to make payments towards his debts has therefore not helped him.

Idem say that they've reported Mr H's missed payments correctly and that they wouldn't default an account where payments were being made to it.

Our adjudicator thought they were right and he didn't think it would be fair to insist that the account was defaulted. But Mr H disagreed and he asked for this review.

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 know it will disappoint Mr H but I agree with the adjudicator's view and for similar reasons.

There are no set rules for when a company should default a payment. I note that Idem rightly see it as a serious step. They've explained the things that would need to have happened if they were to default the account and, as these haven't happened, I don't think I can say they've done anything wrong.

Mr H thinks he'd be better off if his accounts had been defaulted but I don't agree. Whilst lenders would currently see that Mr H was struggling to pay his debts, a default would tell them that he *wasn't* paying his debts and that could have a weightier impact on his ability to find credit. He'd also still have the debt and if it was defaulted he may also have to deal with debt collectors. So I don't agree that he'd be in a better position.

It is to Mr H's credit that, despite his difficult financial situation, he has and still is managing to pay off some of what he owes but I'm afraid it wouldn't be reasonable of me to ask Idem to default the accounts to an earlier date and I won't be asking them to do so.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 August 2017.

Phil McMahon
ombudsman