

## **complaint**

Mrs P complains that Lowell Financial Ltd has been wrongly pursuing her for a debt which is not hers, and that this has affected her credit rating.

## **background**

In September 2015 Lowell wrote to a Miss P (with the same first name as Mrs P) at her address. It said it was trying to contact Miss P, and thought Mrs P's address might be a possible one for Miss P. Mrs P rang a number given to confirm that she was not Miss P and was unconnected with the previous address it gave for Miss P. But in April 2016 Lowell sent a letter about the debt to Miss P at Mrs P's address. She then wrote to Lowell saying it was not her debt and asking for evidence about it. Lowell responded in July saying it had closed the account and would take no further action about the debt. But Mrs P remains dissatisfied. When she arranged a loan with her bank, she was only able to get a loan at a significantly higher interest rate than one on offer: this will cost her more than £1000 extra. She says Lowell should compensate her for that because it will have resulted from Lowell reporting to credit reference agencies that Miss P's debt was hers.

Ultimately our adjudicator did not recommend upholding the complaint. She said that Lowell had said the information on a possible link between Miss P and Mrs P had been provided to it by a credit reference agency (CRA). Because credit reports Mrs P had provided didn't show the link she couldn't tell who had created it. Lowell hadn't reported a default on her credit file, and didn't create any link to Miss P. When Mrs P complained it removed the debt which cleared Mrs P's file.

Mrs P disagreed. She said she couldn't understand why Lowell insisted that a CRA had given it the information about a link with Miss P, as her credit reports only included correct links. She had not followed up the situation with any CRA, so if there had been a link it would still be showing. Lowell hadn't provided any evidence about that link: without that she could not be assured that it ever existed. Lowell needed to explain why it had pursued her for a debt when six months earlier she had confirmed she was not the debtor. The later issue was entirely avoidable. Lowell had only acted and removed the debt after she complained to us.

## **my findings**

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

The situation is slightly more complicated than has previously been mentioned as in fact two different companies in the Lowell group have been involved in this issue. It seems that Miss P's debt was owned by one (which I shall call A): which sent the first letter (in September 2015) to Mrs P. The second letter (in April 2016) was sent by Lowell Financial Ltd which was trying to collect the debt on behalf of A. I can see why, when the letter headings are almost identical, Mrs P would not have noticed the difference. But although the two companies are part of the same group they are separate legal entities: A buys debts and Lowell Financial Ltd collects them on behalf of other businesses. It is the business which owns the debt (in this case A) - not just a debt collector such as Lowell Financial - which is responsible for reporting on it to CRAs.

This complaint is about Lowell Financial. I don't think Lowell Financial would be responsible for any incorrect link there may have been on Mrs P's credit reference file as it was never

responsible for reporting on the debt to CRAs: A was. But in fact the first letter A sent back in September 2015 said that it considered Mrs P's address might be a possible address for Miss P "based on information supplied by a credit reference agency". I cannot deal with a complaint about A's actions since I don't think Mrs P has complained to us about that company. But, when A said from the start (long before Mrs P made any complaint) that it had got the information about Mrs P from a CRA, that does seem to confirm that account of events.

*If* a link to Miss P (and her debt) had been created by A and was showing on Mrs P's credit file in 2015, that could have been removed by A following her complaint to Lowell Financial. In July 2016 when replying to her complaint, it said it would ask A to remove any information it was reporting about the debt from Mrs P's credit file. That would explain why any link made by A didn't show on her credit reports in September 2016. But Lowell Financial has since told us that A did *not* create any address link between Miss P and Mrs P, and I have not seen any evidence to show that A or Lowell Financial did so.

Like Mrs P, I'm not sure that there ever was an address link to Miss P and her debt in Mrs P's credit record. A lender like Mrs P's bank might simply turn down an application from a customer with a bad debt like Miss P's. So if Miss P's debt was showing on Mrs P's credit searches, I'm not sure she would have been offered a loan at all. I can't be sure, but it is possible that Mrs P didn't get the loan at the rate she had seen offered simply because that rate was only available to a few customers, and the rate she was offered was based on her own circumstances and credit history.

I think it is likely that a CRA simply told A (when it was trying to trace Miss P in September 2015) that there was a person with a very similar name to Miss P, living close by, and just gave Lowell Mrs P's address. But no link was created. The wording of A's September 2015 letter fits that situation very closely. Then, when further efforts were made to trace Miss P in April 2016 through a CRA, once again Mrs P's details came up as a possible match. This time Lowell Financial wrote to Miss P at Mrs P's address.

I can see why Mrs P would be justifiably concerned to get that letter, when she had already told Lowell that she had no connection to Miss P, and the initial letter from A had said that that would prevent any further contact. I don't know if A failed to pass on the information about Mrs P's call or Lowell Financial failed to act on it. But I've not seen evidence that the situation in April 2016 caused Mrs P any issues over getting credit, or that there are now any problems with her credit record. And, although responding to her complaint took a bit longer than it should have done, A did then write off the debt which should prevent further problems in future regarding that particular debt.

So in summary:

- I'm not convinced there ever was a link to Miss P in Mrs P's credit record;
- but if there was, I don't think it was made by Lowell Financial;
- I think the two letters probably resulted from two separate efforts to trace Miss P, each of which resulted in a CRA suggesting Mrs P's address as a possible address for Miss P - simply because of the similarity of their names and location;

- it would have been much better if the Lowell businesses had passed on and acted upon information about Mrs P's call in 2015 saying that she was not connected with Miss P;
- but I don't think Mrs P suffered any significant loss as a result of Lowell Financial's actions; and
- after she complained, action was taken which should ensure that she is not contacted again about this particular debt. That seems fair and reasonable.

**my final decision**

For the reasons explained above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 28 November 2016.

Hilary Bainbridge  
**ombudsman**