

## **complaint**

Mr and Mrs L complain that Link Financial Outsourcing Limited ('Link') is chasing them for a debt that should be written off.

## **background**

In August 2012 Mr and Mrs L both gave notice to their creditors under the Insolvency Act 1986 that they each wanted to enter into an Individual Voluntary Arrangement ('IVA'). At this time they had three joint debts with Link. Their notices set out that their creditors would meet in September 2012 to determine by voting, if each of their IVAs was to be approved.

Mr and Mrs L have told us that as they had joint debts, they both had to enter into an IVA for the joint debts to be included. They say that there was a conversation around how much they could pay towards the debts and they agreed on an amount from both of them, which was accepted by Link. They then started making these repayments and didn't miss any, to ensure they weren't in breach of their IVA conditions.

In January 2019 Mr L completed his IVA and Link received the paperwork for this. At this point Mrs L wrote to Link asking for the remaining amounts outstanding on the accounts. Link responded, but Mrs L then disagreed with the amount owing. From Link's notes it seems she initially expected the amount owing to be halved as Mr L had entered into an IVA. Then she said that it was a joint IVA, so she expected the full debts to be written off and closed, as the IVA had completed. Mrs L made a complaint about the amount owed and also the contact she had received from Link. She was unhappy that both her and Mr L had been chased for the debts that were included in his IVA since it completed.

In response, Link said that in September 2012 Mrs L's IVA was rejected, not approved. So although Mr L's IVA had been approved and he'd entered into an IVA, she hadn't. This meant that she still owed money and as the borrowing was joint, she was responsible for the full amount outstanding. Mr and Mrs L disagreed, so they brought their complaint to our service.

Our investigator agreed with Link that Mrs L's IVA hadn't been approved. So he said Link wasn't doing anything wrong in chasing Mrs L for the outstanding amounts. However he said Link shouldn't be contacting Mr L as since his IVA had completed, his details should've been removed from the three accounts that were included in it.

Mr and Mrs L disagreed with his view. They said that it wasn't possible to have an IVA on joint accounts unless it was a joint IVA. They said that they had paperwork which showed they'd both entered into IVAs and that the amounts offered and paid were based on it being joint, as otherwise they would've paid less. So the complaint has been passed to me for a final 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. Having done so, I'm reaching the same outcome as our investigator for much the same reasons.

As I've previously set out to Mr and Mrs L, an IVA cannot be joint. It is an *Individual* Voluntary Arrangement, so relates only to one party. When a joint account forms part of an IVA, this just means that liability for the person in the IVA will be discharged if it is completed – it doesn't mean the whole debt is written off. This would only happen if both parties to the debt entered into and completed their *own* IVAs. So while they have said their IVA was joint, this is not possible. It is however possible for two IVAs to 'interlock' if both parties have their own IVA which includes a joint debt, so I've considered if this happened.

I can see Mr and Mrs L both applied to be in IVAs on the same day in August 2012, but this doesn't mean they both entered into them. The paperwork they've provided is a notice that they each want to enter an IVA – not confirmation they have each entered into one. This set out there would be creditor meetings for both Mr and Mrs L in September 2012, but following this, only Mr L's IVA was accepted. Mrs L's was rejected, as fewer than 75% of her creditors agreed to the arrangement she had put forward.

I have been provided with Mr L's completion paperwork. But Mr and Mrs L haven't been able to provide me with the same paperwork for Mrs L – which they would've also received if her IVA had also been approved and then completed. I also note Mrs L tried to enter into another IVA in which she requested to include two of the Link debts in February 2019, which was rejected in March 2019. By taking out a joint debt Mr and Mrs L were both responsible for the whole amount borrowed. So when Mr L completed his IVA and was taken off the loans, this left Mrs L responsible for the whole amounts remaining.

I appreciate from speaking to Mr and Mrs L and reading their testimony that they may have been under the impression that their outstanding debts with Link would have been reduced substantially, or even written off by Mr L's IVA. But I haven't seen anything to suggest Link was the one who provided this information to them. The paperwork I've seen from Link is clear about the amount owed and that it has voted to reject Mrs L's IVA. So if they were given the wrong information or impression at some point in this process, I haven't seen that Link is responsible for this. And I can't comment on what they were told by any other party. What I can see is that Link did reduce the debts by the amount paid towards it during the time Mr L was in an IVA, which is correct.

I appreciate Mr and Mrs L say they would've paid less towards the debts if they'd known the payment was just being made for Mr L. But, as I've set out above, a joint debt is the whole responsibility of both parties. And we can't know if this lesser payment would have been accepted by Link. Or whether it would have instead then asked Mrs L to make her own payment in addition to what Mr L was paying to reach the same figure. Ultimately, they offered a joint amount towards the debt and Link's records suggest it didn't pursue Mrs L during this time and show the debt has been reduced by this joint payment. So I don't think Link has done anything wrong.

In relation to the letters both Mr and Mrs L received, I agree that Link shouldn't have been sending Mr L any letters about the debts included in his IVA, once it had received notification that this was complete. However it did need to contact Mrs L – both to meet its obligations as the owner of these debts and so she knew what she needed to do next. The letters provided to us are statements of the account, which Link does need to provide to Mrs L. Since our assessment was issued Link has confirmed it has updated its system so Mr L will no longer receive any correspondence for these debts. I've considered whether Mr and Mrs L are due compensation for this error, but I don't think it's warranted in this case as it seems the driving force for their distress is that money is still owed at all.

**my final decision**

For the reasons set out above, I don't uphold Mr and Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 10 February 2020.

Amy Osborne  
**ombudsman**