

complaint

Mr M complains Arrow Global Limited is pursuing him for a debt that does not belong to him. He wants the debt and any adverse references to it on his credit file to be removed. He also wants compensation for harassment and time spent on resolving this matter.

background

Mr M entered into a hire purchase agreement in October 1999, which Arrow said was defaulted by the original creditor in November 2000. Arrow acquired the account, which has an outstanding balance of over £10,000, in October 2012.

Mr M said:

- Arrow was harassing him for a debt that was settled many years ago
- He had not acknowledged or paid anything towards the debt in the last six years – so, even if the debt had not been settled, it would now be statute barred
- His credit file has been affected, although a default was removed from it in August 2013

Arrow said:

- Mr M was linked to this account (Arrow provided a copy of the original agreement to us as supporting evidence)
- The fact that Mr M believed he had previously repaid the loan meant he had also acknowledged the debt
- The November 2000 default had expired before it acquired this account, and it had never reported on the account to credit reference agencies
- Debt becomes statute barred in England and Wales after a six year limitation period
- If a customer acknowledges a debt or makes part payment within this period, the time limit starts to run again from the date of that action
- Debt collection guidance indicates that, if a creditor has been in regular contact with a customer before the debt is statute barred, then it is not considered unfair to continue to attempt to recover the debt
- It did not believe that Mr M had heard nothing from Arrow or a previous creditor during the relevant limitation period – and so it had not acted unfairly

Our adjudicator thought the complaint should be upheld. She noted that she could only consider events after 6 April 2007, in line with the Financial Ombudsman Service's jurisdiction.

Our adjudicator also noted that when Arrow started to pursue Mr M for the debt in 2013, he said he believed the loan had been repaid many years ago. But she did not accept Arrow's view that this amounted to an acknowledgement of the debt.

Our adjudicator said she had not seen evidence to show that Mr M had acknowledged the debt or made part payment within the relevant limitation period, and so she was satisfied that the debt had become statute barred. In addition, she did not think Mr M had been contacted within the relevant period.

Our adjudicator recommended that Arrow should:

- Cease pursuing Mr M for this debt
- Amend his credit file if necessary, to remove any adverse references related to the debt
- Pay compensation of £100 to Mr M, for the distress and inconvenience caused by its actions

Arrow did not accept these recommendations, and asked for the complaint to be reviewed by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where evidence is incomplete, inconsistent or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

Mr M said that he settled the debt many years ago, but I have not seen any supporting evidence. However, he also stated that the debt is statute barred and, on balance, I find the available evidence does support this statement.

Arrow referred to debt collection guidance. The same guidance goes on to say that continuing to press a debtor for payment, after he has stated he will not be paying a debt because it is statute barred, may be an unfair or improper practice. I find that, in the circumstances of this complaint, it would be reasonable to conclude that the practice is unfair.

There is a technical note about non-financial loss on our public website, in which cases are described where we have awarded compensation for distress, inconvenience, damage to reputation, pain and suffering. I feel that compensation of £100 in this instance (as recommended by our adjudicator) is appropriate, given the circumstances of Mr M's complaint, and is consistent with those case descriptions and awards.

Therefore, I find that I have come to the same conclusions as our adjudicator, for similar reasons.

my final decision

For the reasons explained above, my final decision is that I uphold this complaint. In full and final settlement of it, I order Arrow Global Limited:

1. To cease pursuing Mr M for the debt that he has stated he will not be paying, because it is statute barred
2. To amend his credit file if necessary, to remove any adverse references related to the debt
3. To pay compensation for distress and inconvenience of £100 directly to Mr M.

Roy Mawford
ombudsman