

## **complaint**

Miss Q complains that Arrow Global Limited unfairly applied a default to her credit file.

## **background**

Miss Q has experienced financial difficulties for a number of years. After paying her original loan provider the first 13 loan repayments at the contractual rate, from May 1994 she could only afford to make repayments at less than 20% of the contractual repayment. The loan was then sold to Arrow in September 2012. Following a complaint as to the amount of the loan balance, Arrow agreed to remove interest and charges totalling over £15,300 from the loan balance. But when Miss Q then failed to pay it three consecutive monthly repayments, it defaulted the account. Miss Q asked for the default to be removed from her credit file, as it had been applied at a time when she had been told by Arrow that all collection activity on the account had been suspended.

The adjudicator recommended that the default should be removed from Miss Q's credit file, and noted that Arrow had agreed to do this. She concluded that Arrow had acted unfairly in applying the default as the account should have been defaulted many years before by the original loan provider. If this had been done, the default would have already expired. She considered that the registration of a recent default was misleading and incorrect.

Miss Q responded to say, in summary, that she was also seeking compensation as she was unable to obtain a mortgage due to the default on her credit file. This had also caused her distress, and her health had suffered.

Arrow did not consider that it would be reasonable for it to also pay Miss Q compensation as it had already reduced Miss Q's loan balance by deducting interest and charges totalling over £15,300.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I note that Miss Q did not originally seek compensation as a remedy to her complaint in her complaint form which she sent to this service in January 2014. This was after she had been told by a mortgage broker that her application for a new mortgage had been declined in September 2013 because of adverse credit.

I also note that the mortgage broker had said that the adverse credit record was the only blemish on Miss Q's credit file. But, I can see that Miss Q's failure to pay most of her contractual loan repayments since 1994 would be an adverse credit record on her credit file which would affect her creditworthiness, as well as the default. So, I cannot safely conclude that it was solely the default which prevented her from obtaining a mortgage.

I also note that Miss Q would like compensation for the distress caused by Arrow's actions. Whilst I have sympathy for the situation in which Miss Q now finds herself, I consider that Arrow's actions in offering to remove the default, and to deduct over £15,300 in interest and charges from Miss Q's loan balance, are fair and reasonable. I am not persuaded that it would be appropriate for me to order it to do anything more.

**my final decision**

My decision is that I uphold this complaint in part. In full and final settlement of it, I order Arrow Global Limited to remove the default it applied to Miss Q's credit file, if it has not already done so.

Roslyn Rawson  
**ombudsman**