

The complaint

Mr C complain that Arrow Global Limited (Arrow) are chasing him for repayment of a debt he says it can't prove is his. He also says Arrow are reporting a default to the credit reference agencies.

What happened

Mr C complained to Arrow after he noted that it was reporting a default on his credit file. The account was purchased by Arrow in September 2019, from the original lender who I'll refer to as "V".

After Arrow purchased the account, repayments continued to be made to V until November 2019. However, because no repayments had been received after this date, the account defaulted, and Arrow started to report this to the credit reference agencies.

Mr C says that Arrow shouldn't be reporting the default. And because it initially couldn't provide him with a credit agreement or statements, it couldn't prove that the account belonged to him.

Initially an Investigator decided that Arrow hadn't provided enough information to show that the account was Mr C's – and so they upheld the complaint. They asked that Arrow remove the adverse information from Mr C's credit file and cease collection activity on the account.

Arrow asked for more time to obtain evidence from V. It was then able to provide this service with a copy of the credit agreement. And evidence of trace searches that had been completed by the credit reference agencies. This showed name, address and date of birth matches with Mr C, which Arrow felt was enough to evidence that account was his.

Another Investigator looked into the matter and didn't think the complaint should be upheld. They felt that Arrow had now provided sufficient evidence to support that it was pursuing the correct individual for repayment of the debt. And so, the Investigator didn't think Arrow needed to do anything more. The Investigator also provided Mr C with a copy of the credit agreement.

Mr C didn't agree with the Investigator's view. He didn't think the credit agreement could be deemed as genuine as V had previously said it didn't have a copy. He also said the credit agreement didn't include any of his other personal details and so while it was in his name, he said that Arrow were chasing the wrong "Mr C".

Because an agreement couldn't be reached the complaint has been passed to me to decide on the matter.

What I've decided – and why

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

Having considered all of the available evidence, it is my decision not to uphold Mr C's complaint. I appreciate this decision will come as a disappointment to Mr C, however I will explain my reasoning below.

V provided Arrow with the address it held for a "Mr C" on file. I have seen evidence of a trace search that has been carried out by the credit reference agencies using Mr C's details. I can see the address V provided Arrow with, is linked to the address Mr C provided to this service. The trace search also linked these addresses to Mr C's date of birth, which is also the date of birth Mr C provided this service with. In addition to this, the trace search shows that a number of the accounts held in Mr C's name had the address information updated from the address V provided to Arrow, to the address this service holds for Mr C. In 2020, both addresses had been provided on two different credit applications – one address as a current address and one as a previous address. On balance, I think this is enough for Arrow to have determined that it was pursuing the correct person for repayment of the debt.

I have also seen a copy of the credit agreement provided to Arrow by V. While I agree this should have been provided at an earlier date, I don't agree that by Arrow previously not being able to provide this means that the agreement isn't genuine. The agreement appears to be electronically signed, which is normal for agreements taken out online. The agreement has Mr C's name on it, alongside the date and time the agreement was signed, which also links up with the details V provided to Arrow when it sold the debt. While I accept that the credit agreement doesn't have any other of Mr C's personal information on it, based on all of the other persuasive evidence that I have seen, I can't fairly conclude that this credit agreement doesn't relate to an account Mr C held with V.

Based on all the evidence I've seen; I don't think Arrow has acted unfairly or unreasonably by pursuing Mr C for the debt.

In relation to the default, the Information Commissioner's Office (ICO) provides guidance as to when an account should be defaulted – this is usually when the account is between three to six months in arrears. I can't see that any repayments were made to the account after the final one that was made to V back in November 2019. Because of this Arrow defaulted the account in February 2021. Arrow noted that the default had been applied later than the ICO's guidelines, and so it backdated the default to March 2020, which was six months after it bought the debt from V. I think this is fair. And so, I won't be asking Arrow to remove the default.

I note that Mr C has more recently provided this service with a letter stating that Arrow has sold the debt. Just to make Mr C aware, the new owner of the debt will likely continue to report the default, which is what this service would expect it to do in this situation.

While going through this file, I noticed that there was a discrepancy in the amount Arrow have told Mr C is outstanding. The statements provided by V show that the balance outstanding after the last payment made by Mr C in November 2019 was £2,944.88. However, I can see that Arrow have told Mr C that the amount outstanding is £3,039.24. Arrow should update Mr C and let him know what the correct outstanding balance is. And if Mr C is unhappy with Arrow's explanation on this point, he can make another complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 October 2023.

Sophie Wilkinson
Ombudsman