

The complaint

Mr H complains about Lowell Financial Ltd's actions when trying to recover a debt in his name.

What happened

In June 2021 Lowell purchased a store card debt in Mr H's name. Lowell says it tried to contact Mr H using the details provided by the original lender but was unsuccessful. So last year, Lowell completed a tracing exercise and found Mr H's current contact information. Lowell went on to contact Mr H.

Mr H spoke with Lowell and explained he had no knowledge of the account. Mr H went on to add that a family member had confirmed that they'd originally applied for the account in his name, without his knowledge, back in 2017. Lowell says it carried out a fraud investigation but because the account was operated for a period of more than six months it didn't agree there was fraud involved.

Lowell was later contacted by a third party who explained they were the family member who had originally opened Mr H's account. But because Lowell didn't have authority to discuss Mr H's account with anyone else, it wasn't able to take matters further.

Lowell placed various hold periods in relation to its collections activities following contact from Mr H.

Lowell says it referred the matter back to the original lender, N, but wasn't advised that the debt should be recalled or had come about due to fraud. Mr H later provided a statement from his family member that confirmed they'd opened the account without his knowledge.

Lowell issued a final response in April 2023 and reiterated it was confident the account wasn't fraudulent. But Lowell said it was willing to accept further information from Mr H in support of his claims.

An investigator at this service looked at Mr H's complaint and upheld it. They spoke with Lowell and it agreed to remove the default from Mr H's credit file said it would take steps to try and return the account to the original lender. Lowell also agreed to pay Mr H £100 for the distress and inconvenience caused.

Lowell agreed to proceed in line with the investigator's recommendations. But Mr H asked to appeal and said that he didn't agree a payment of £100 was a fair reflection of the trouble and upset caused. Mr H explained he'd had to take time off of work to resolve matters and that the issues raised had caused an unreasonable level of distress and inconvenience. As Mr H asked to appeal, his complaint has been passed to me to make a decision.

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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I can understand why Mr H was shocked and upset to be contacted by Lowell. Mr H has explained he didn't open the store card with N originally and was unaware of the accounts existence until he was contacted by Lowell. And Mr H has told us he was unaware of the default recorded on his credit file as well. I understand a family member has confirmed they opened the account in his name and provided a statement to that effect. I don't doubt what Mr H has told us or the level of upset caused by the situation.

Our investigator thought Lowell had taken longer than necessary to deal with Mr H's concerns about how the account was initially opened. I agree, in part, that there were delays. But I think it's fair to note that some of the delays were outside of Lowell's control. Once Mr H explained the account had been opened as a result of fraud, it contacted N for instructions on how to proceed. But no direction to send the debt back was received from N and it didn't confirm the account had been opened by a third party.

In addition, whilst Mr H's family member appears to have called Lowell to try and resolve matters, there was no authority recorded that allowed the business to discuss the account with them. So whilst I agree there were periods where Lowell could've moved things forward quicker, I haven't been persuaded it was responsible for all the delays Mr H experienced.

Our investigator upheld Mr H's complaint and asked Lowell to ensure the default is removed from his credit file. Lowell has confirmed it will take steps to remove the default on resolution of Mr H's complaint. In addition, Lowell has confirmed it will take steps to return the account to N and that it will no longer seek to collect the outstanding balance. That means Mr H's credit file will be returned to the correct position. I appreciate that there may have been an impact to Mr H in terms of the default recorded. But I think that reflects the situation overall and position of the account when it was sold to Lowell.

Lowell has agreed to pay Mr H £100 in recognition of the distress and inconvenience caused. I understand how upsetting the situation was. But I have to take into account that not all of the issues raised were Lowell's responsibility. Having considered all the available information, I'm satisfied a payment of £100 reasonably reflects the level of distress and inconvenience caused to Mr H and is a fair way to resolve his complaint.

My final decision

My decision is that I uphold Mr H's complaint and direct Lowell Financial Ltd to settle as follows:

- Remove the default and all information reported on Mr H's credit file
- Either return the account to N or cease attempts to collect from Mr H
- Pay Mr H £100 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 10 August 2023.

Marco Manente
Ombudsman