

## The complaint

Mr P complains Azzurro Associates Limited:

- Didn't tell him they'd taken over his debt
- Sent him a letter addressed incorrectly with incorrect information in it
- Incorrectly registered a default his account - and didn't send the default correspondence by email
- Incorrectly registered the start date of his account
- Have prevented him from lowering the balance on his account
- Told a Credit Reference Agency (CRA), who I'll call E, that he needed to contact a debt recovery company, who I'll call M, which breached his data and caused embarrassment
- Have lied to him in their final response letter
- Delayed contacting him and not addressed all of the issues he's raised
- Used the £150 compensation our Investigator recommended to reduce his debt, rather than paying it to him directly

These complaints were separated into two different case files with our service, but for simplicity I'll be considering all the issues Mr P has raised in this one case.

## What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements below, and they form part of this final decision.

*As I understand it in December 2018 Mr P took out a loan for £2,000 with a company I'll call 1. The interest on this loan was £2,740.72 – meaning the total amount due to be repaid over the life of the loan was £4,740.72. The first payment to 1 was made and then returned in January 2019. From the information I have no payments were made to the loan. Because of that, 1 defaulted the account in July 2019, and then sold the debt to Azzurro to collect.*

*The information I have shows Azzurro took over the account on 30 August 2019, and they asked M to act on their behalf in collecting payments towards the debt. The debt showing as owed was the same as the one Mr P owed when he first took out the loan - £4,740.72.*

*Across a number of emails Mr P raised his concerns (listed above) to Azzurro.*

*Overall, Azzurro didn't think they'd done anything wrong, so didn't uphold Mr P's complaints. Unhappy with this, Mr P asked us to look into things. One of our Investigators did so, and partially upheld Mr P's complaint. They awarded £150 compensation.*

*Mr P didn't accept this, and I've addressed what I consider to be his key arguments below.*

*Azzurro said while they didn't accept all of the conclusions made, they were willing to accept the outcome in the spirit of goodwill to move this matter forward. Azzurro reduced Mr P's debt by £150.*

*Mr P felt the £150 should have been paid to him directly. Our Investigator also felt this – but explained given Mr P didn't agree with the overall outcome it'd be best at this stage for the Ombudsman to decide what needed to happen next. So, the complaint's been passed to me to decide.*

### ***What I've provisionally 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 think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr P's complaint in considerably less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.*

*I should also explain Mr P has asked us at various times to check if what Azzurro have done is legal, and to speak to other bodies such as the Information Commissioner's Office (ICO) if necessary. My remit though doesn't allow me to make any legal findings, so I can't say if Azzurro have acted illegally or not. And having considered Mr P's case I've not found it necessary to speak to any external parties about his specific issues in order to fulfil my remit – which is to resolve things on a fair and reasonable basis.*

*Azzurro didn't tell Mr P they'd taken over his debt*

*It's common practice for lenders to sell accounts which may have fallen into arrears or have defaulted. So, Azzurro as a debt purchaser at face value haven't done anything wrong.*

*But the lender and the debt purchaser (Azzurro here) are required to send the account holder a Notice of Assignment (NoA). This lets the account holder know their account has been passed on to a different company, and it's that company they'd need to speak to regarding the operation of their account now. This also tells them that, effectively, Azzurro are now acting as the lender for his loan (although, they wouldn't be responsible for actions the actual lender took).*

*A NoA was sent in Mr P's case. It's dated 13 September 2019 and is addressed to the same address Mr P has given to Azzurro, and our service. I don't know why Mr P didn't receive it, but as Azzurro have sent the letter to Mr P, I can't reasonably hold them responsible if it didn't arrive.*

*Sent him a letter addressed incorrectly with incorrect information in it*

*The letter Mr P is referring to is the NoA. Azzurro have told our service they instructed M to create the NoA. So, because of that, they're ultimately responsible for the contents of the letter.*

*In the response to his complaint, Mr P was provided with a copy of the NoA. The letter itself is addressed to someone entirely different, and says the debt was taken on in May 2019. These are two errors – as the NoA should be addressed to the account holder and wasn't, and Azzurro took over the debt on 30 August 2019, not May 2019.*

*That means I'll be upholding this element and will consider the best way forward in the 'Putting things right' section at the end.*

Incorrectly registered a default on his account – and didn't send the default by email

*When Azzurro took over the loan they say the information they were given by 1 showed no default had been applied to the account. Information provided by 1 which they say was sent to Azzurro shows the date and amount of the default – although it's unclear when this information from 1 was shared with Azzurro.*

*Mr P says Azzurro specialise in taking over defaulted debts, so knew his account had been defaulted by 1 previously and this meant he had two defaults with the CRA's now which wasn't fair.*

*Mr P is correct in that he did have two defaults now, as his account had been defaulted by 1 on 25 July 2019. This was incorrect, as I wouldn't usually expect two separate defaults to be recorded for the same account. So, I've looked at the information Azzurro initially received from 1 – and I agree with them it does show Mr P's account hadn't been defaulted. I've noted Mr P's comments about Azzurro specialising in purchasing defaulted accounts, but I've seen nothing to suggest they exclusively buy defaulted accounts so should have known Mr P's account had already been defaulted.*

*Azzurro's explanation for defaulting the account in July 2022 was because they'd carried out a review of all non-defaulted accounts and decided whether to default them or not. In Mr P's case, this led to them defaulting his account when he'd already had a default registered by 1.*

*I should make it clear based on the information Azzurro were relying on, defaulting the account itself was fair – but I don't think the date of the default was. The ICO issues guidance which says an account should be defaulted no sooner than three months after the terms of the agreement aren't met, and no later than six months.*

*In Mr P's case, it seems no payments were ever successfully made to the loan taken out in December 2018. With that in mind, I'd have expected the default to have been applied between April and July 2019. Azzurro though registered it in July 2022.*

*Ultimately though, the error that led to Azzurro recording the default at all isn't something I think is their responsibility – so I won't be upholding this element of Mr P's complaint.*

*In relation to the way the default notice was sent, this was done by post. As before, why Mr P didn't receive it I don't know, but default notices are required to be sent in the post – which is why Azzurro did that. I can see Mr P's point, which is if they'd sent it by email then he'd have had it in seconds. But, I can't say Azzurro have done something wrong in not emailing the default notice, when actually they weren't required to do so.*

*I've seen that Azzurro have since, after receiving confirmation from 1 the account had been defaulted by them, updated the date of the default with the CRA's to the correct date of 25 July 2019 meaning Mr P now only has one default registered for this account, and for the correct date. I've also seen no delays in them doing so once they were notified of the correct information.*

Incorrectly registered the start date of his account

*The start date of Mr P's loan was recorded as 7 December 2018 by Azzurro, but he said he didn't recognise a loan taken out on this date. He said he'd only taken out a loan on 6 December 2018 with 1 – so he asked for this to be updated.*

*Azzurro say they relied on the same tranche of information they were given by 1 which said there was no default to also record the start date of the loan – so they didn't do anything wrong in recording the start date as 7 December 2018.*

*I've checked the information they were given, and it does show Azzurro were told the start date of the loan was 7 December 2018. This information is the first information given to Azzurro when taking over Mr P's accounts, along with a number of others. So, I think it's natural that Azzurro would use this information to inform their reporting.*

*When Mr P has raised complaints, I can see Azzurro have had to liaise with 1 to address some of the concerns raised. I think as part of these discussions Azzurro probably were made aware the start date of the loan was 6 December, instead of 7 December.*

*But, without Mr P having raised this issue, this isn't something I'd necessarily expect Azzurro to have recognised as a problem. So, although I think 1 had given Azzurro information for them to have potentially been aware the date was wrong (which is what our Investigator has told Mr P), I don't think Azzurro acted unfairly in not considering this until Mr P raised it. When he did though, I've noted Azzurro didn't raise a new complaint for him. I'll come back to this later.*

*One of our Investigators did consider this specific issue – and felt there was enough information to show the start date of the loan was 6 December 2018, so Azzurro should update it. They confirmed in their response they have.*

*Overall then I don't think Azzurro did anything wrong with recording the date they did – and have updated it appropriately. I'll deal with their lack of engagement with Mr P in a later section.*

*Have prevented him from lowering the balance on his account*

*Mr P has made what I consider to be two key representations here. The first being that the interest on the loan was £2,740.72 – so with the account having been defaulted in less than six months why does he owe all of the interest, plus the amount borrowed of £2,000. The second is that because he says Azzurro didn't tell him about the debt and / or didn't contact him about the repayment of it for at least two years, he's been denied the opportunity to put a plan in place and lower the balance.*

*In relation to the first issue, this isn't something Azzurro are responsible for – it'd be 1 Mr P would have to take this up with. The information I've got shows 1 added the full interest amount to the loan up front meaning it's this amount that they sold to Azzurro as owed. Given that was the amount sold to Azzurro, and they're not responsible for the way the interest was applied, I can't say they should reduce the balance.*

*Regarding the second point I do understand Mr P's thoughts. But, as I've mentioned above, it seems the NoA was sent to him at his correct address. I don't know why he didn't receive it, but I can't say Azzurro did anything wrong as it was sent to his registered address. I've seen Mr P say he wasn't living at the address at time – but the evidence I've been provided with show 1 told him Mr P's current address was the same address they sent the NoA to. So, I don't think Azzurro did anything wrong leading to Mr P being denied the opportunity to make payments.*

*Overall then, I don't uphold these elements of Mr P's complaint so don't require Azzurro to lower the outstanding balance, or write it off entirely, as Mr P has requested.*

Azzurro told E that he needed to contact M, which breached his data and caused embarrassment

*When Mr P raised a question to E about the incorrect default date, it seems Azzurro's response was to direct Mr P to their agent who was managing the debt on their behalf – M.*

*Mr P says this caused embarrassment and is a data breach. Mr P also says at the time of Azzurro's reply M were no longer dealing with his account.*

*I've considered this carefully. Mr P hasn't specified exactly why or how this would have caused embarrassment. He was contacting E regarding a defaulted account. E, as a CRA, hold a significant amount of personal financial data about millions of people – which will regularly include adverse information people may not want shared with other parties. But, as E already know Mr P had a default, it's unclear to me how Azzurro telling E that Mr P needed to contact M could cause him embarrassment.*

*In respect of this being a data breach, as I've mentioned above it's not uncommon to find a debt purchaser (Azzurro) asking an agent to manage an account on their behalf (M). So, I don't think Azzurro have done anything wrong on this point in their response to E.*

*I do though agree with Mr P that when Azzurro told E that Mr P had to speak to M, the account was no longer with M based on what they told him. So, I'll be upholding this element of Mr P's case and factoring this at the end.*

Mr P says Azzurro have lied to him in their final response letter

*Mr P says Azzurro have lied when they said he first contacted M in January 2019. He asks who defaults an account after one missed payment (as his account was only one month behind at this time).*

*I've looked at this, and in context I think this is a typo – and Azzurro meant January 2020. I should though explain complaint handling matters, such as the content of a final response letter, isn't something our service can generally get involved in. That's because complaints about complaint handling aren't regulated. So, I provide the above information to try and be helpful but can't address all the remaining issues Mr P has flagged, purely because I've no ability to consider everything in detail.*

Azzurro delayed contacting him and not addressed all of the issues he's raised

*Mr P was told by our service he needed to raise a new complaint about some of the points he wanted to raise. Having raised these to Azzurro, they said all the issues had been dealt with – so they didn't need to issue a new response.*

*Ultimately, I've made the decision to amalgamate the cases to ensure all the key issues Mr P has raised are addressed – but I do agree with him some of the points he's raised simply weren't addressed by Azzurro.*

*I consider this has led to distress for Mr P, as he's had to raise these issues to Azzurro on several occasions. So, again, I'll be upholding this aspect of Mr P's complaint.*

### **Putting things right**

As a reminder then, I'm upholding:

- *Incorrectly addressed letter with incorrect information in it*

- *Azzurro told Mr P he needed to contact M, when M weren't managing the account*
- *Delayed dealing with all of his issues*

*Our Investigator awarded £150 compensation and having considered everything, I think this remains a fair figure. I do think Mr P has had to chase Azzurro to get all of his issues responded to, and at times I don't think Azzurro have properly realised that. They've also made mistakes by sending him a poorly written NoA with two errors and telling him to contact M when they weren't managing the account at that time.*

*I'm aware Azzurro previously reduced Mr P's outstanding debt by this amount, but I don't think that's fair. This is compensation for errors made by Azzurro, so the money should be paid directly to Mr P.*

*Overall then, I'm awarding £150 compensation, but think the debt remains due. I've seen in correspondence with our service Mr P has said he's prepared to arrange a payment plan with Azzurro to repay the debt, so I'd encourage him to do so once this complaint has been finalised. Given some of the challenges Mr P has outlined, I'll require Azzurro to set out clearly what he needs to do in order to get a payment plan in place.*

### **Responses to my provisional decision**

Mr P provided a number of responses across multiple emails. I've addressed what I consider to be the most important elements below.

Azzurro said they were concerned they should pay the £150 to Mr P directly and quoted some information from our website about compensation on PPI complaints. They also said the update of the start date might take around 60 days – this was 23 June 2023, so it could have taken up to 22 August 2023 – meaning they did do the update in the timeframe they said they would.

### **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.

#### ***Start date of the loan***

I said in my provisional decision Azzurro had told our service they'd updated the start date of the loan.

Mr P checked his credit file up to 16 August 2023 and said it hadn't been updated yet, so he was concerned by this. He also said information has to be correct, so Azzurro saying they'd amend this as a gesture of goodwill was shocking.

Dealing with that issue first, my read of Azzurro's point is that they'd not been given clear evidence of when the start date was – which is why they were amending it as a gesture of goodwill. Ultimately, what's important in my view is that they agreed to amend it.

What they told our service was they'd amend the date and it may take up to 60 days to show. So, I'm satisfied Azzurro did agree to amend the date, and it took the time they said it would for this to happen.

To ensure there are no further issues though, I'll make this part of my direction. So, Azzurro will be required to update the start date to 6 December 2018 if they haven't already.

#### ***Default date had a massive impact***

Mr P has said the date of the default being wrong has had a massive impact on him. He's not fully explained why, but most people would say this due to being denied credit. Mr P hasn't said this, but even if he explained this might be a reason he'd been turned down for credit, my view would be a default in itself would likely cause some lenders to not grant him credit – regardless of when the default was reported. Over time a default might have less importance in a lending decision for some lenders but given Mr P hasn't made any payments to the debt, that itself would likely also be a factor.

*No payments being made to the account for two years*

Mr P has said it's not his responsibility to get in touch with Azzurro or M in an effort to make payments – especially as he was waiting for M to get in touch and he'd told them he was in financial difficulties.

I think though it's likely the contractual terms of the account do require Mr P to make every effort to make the payments required. Mr P's responsibility to repay the debt doesn't go away, just because the debt has been bought by Azzurro.

That said, as I mentioned in my provisional decision, I do think Mr P has had some difficulties when he's attempted to make payments. That's why, for the good of all parties, I've said Azzurro need to clearly set out how payments need to be made in future. And while Mr P may have had some financial difficulties in the past, he's also complained that he's been denied the opportunity to make payments. To date, he's not made any as I understand it, so I don't think Azzurro need to do anything here.

If though Mr P is currently in financial difficulties, then I'd remind Azzurro of their responsibility to treat Mr P fairly and sympathetically. Mr P should know this may mean Azzurro want to do an income and expenditure assessment to determine what he can pay towards the outstanding debt.

*NoA being sent in an incorrect name*

Mr P says the NoA is a very important letter which was addressed incorrectly so he feels he's never been given this document. So, because he's never been given this document, he says he's disputing whether he even owes the balance legally anymore.

I can't answer whether Mr P would legally owe the balance – if he wants a court judgment, he'll need to take the matter to court. My remit is to consider things on a fair and reasonable basis.

On a fair and reasonable basis, Mr P has previously accepted the loan with 1, which Azzurro purchased, was his. So, I'm satisfied it's reasonable for Azzurro to ask him to repay it. The NoA was addressed to Mr P. It had his name, and address, in the address block. It included the correct account number, and the correct outstanding balance. The incorrect information was the salutation was to someone else, and it said the loan started the incorrect month.

Despite the errors I'm satisfied this is a reasonable document to confirm Azzurro now own Mr P's debt. Mr P has said he won't pay anything towards the debt until he gets what he calls a proper NoA. I'm satisfied the NoA he's been sent is sufficient. If Azzurro wanted to send him a new one with all correct details then they could, but it isn't necessary for me to require them to do so.

*Azzurro telling E that Mr P needed to contact M*

Mr P says all Azzurro needed to tell E was the data was correct, they didn't need to say get in touch with M and it's this that was embarrassing.

But, as I've said before, E hold millions of records about people's financial circumstances. So, I don't think Azzurro telling E that Mr P needed to get in touch with M was incorrect or inappropriate.

### *Thoughts on the £150 compensation*

Mr P has said Azzurro haven't acted fairly since our Investigator awarded £150 compensation so he should be paid interest on this amount since it was awarded. He also asks if I'm awarding an additional £150, so £300 total, or is it just £150. Mr P says this simply isn't enough because of the massive impact of the default and because Azzurro took it off the debt.

I've considered Mr P's comments carefully, but I remain of the opinion £150 in total is fair for the issues I've upheld as part of this complaint and for the reasons I've already mentioned before. I also don't think it's appropriate for interest to be added as it was Mr P who asked for an Ombudsman to decide the case – which caused further time to pass before the matter could be resolved.

Finally, addressing Azzurro's concerns I remain of the opinion it's appropriate for the £150 compensation to be paid to Mr P directly.

Azzurro have quoted the following from our website:

*"The regulator's guidance to businesses handling PPI complaints says that where the consumer's loan or credit card is in arrears, the business may use the compensation to reduce the consumer's loan or credit card balance if it has the contractual right to do so."*

And Azzurro say given Mr P has never made a payment to the loan, they've asked why they can't exercise their right to reduce the loan balance.

Without reviewing all of the information, I suspect this refers to the financial loss compensation – in PPI if a complaint was upheld then usually it was a refund of interest and charges. Those interest and charges wouldn't have been paid for by the consumer if they were in arrears – so it was right they were refunded directly to the outstanding balance.

Here though, I believe there have been some customer service failings – and in that scenario we require that money to be paid directly to the consumer, rather than taken off any outstanding balance. I've seen no reason to change that approach here. This will likely mean Azzurro adjust Mr P's outstanding balance and remove the £150 credit they previously applied. If they do so, then that's fine.

### **My final decision**

I partially uphold this complaint and require Azzurro Associates Limited to:

- Pay Mr P £150 directly.
- Clearly set out to Mr P how he can move forward with repaying this debt
- Update the start date of the loan to 6 December 2018 if they haven't already



Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 October 2023.

Jon Pearce  
**Ombudsman**