

## **The complaint**

Mr C has complained that Arrow Global Limited did not honour an agreed settlement.

## **What happened**

This complaint surrounds a defaulted credit card account, which was sold to Arrow in 2016.

In July 2020, Mr C and Arrow agreed a settlement arrangement, where Mr C would pay six instalments of £116.03 to bring the account to a close.

Mr C made all the payments on time. However, Arrow assigned some to a different closed account, and Arrow then returned a payment to Mr C. Arrow then escalated things, arguing that Mr C broke the arrangement as a payment had been returned. They said it was his fault the payment had been returned, as he'd not put his account reference on it. They continued to pursue Mr C for the account, including attempting to have him taken to court, though the court action did not ultimately go through.

Our investigator looked into things independently and upheld the complaint. They found that Arrow were fine allocating Mr C's other payments to him without the reference number, so their argument wasn't valid. And it should've been clear which account he was paying, given he'd just made the arrangement for the open one, and the other one was closed. They recommended that Arrow pay Mr C £250 compensation.

Arrow didn't agree, so the complaint's been passed to me to decide.

I sent Arrow and Mr C a provisional decision on 21 November 2022, to explain why I thought the complaint should be upheld. In that decision, I said:

*Based on what I've seen so far, I agree with our investigator that Arrow got things wrong here, though I think they need to do something a bit different to put it right.*

*I've listened to Mr C's calls where he set up the settlement arrangement, and I can see it was also confirmed by email. Then I can see from Mr C's statements that he made all the agreed payments on time, to fulfil the settlement.*

*While Mr C should have ideally put his account reference on his payments, I can see that Arrow were perfectly capable of recognising who was paying them, as they did for all but one payment. Indeed, their own notes show they're not really sure why they returned a payment. It was the same amount, from the same account, owned by the same person as all the prior payments they'd accepted right before.*

*Arrow were also clearly capable of assigning these payments to the right account, which I can see is the case from the ones they did correctly assign. Further, this credit card debt was Mr C's only open account with Arrow. It should have been obvious that he was paying his only outstanding debt, for which he'd just agreed a settlement at those exact amounts, and not a closed account for which no payments were due. It was not reasonable for Arrow to have thought he was paying the closed account, or to have assigned the payments there.*

*It also looks like Arrow did not properly notify Mr C that they felt his settlement arrangement had fallen through, nor did they give him a proper chance to rectify the returned payment before they escalated things.*

*So while I accept that Mr C should have included the account reference on his payments, I find that the issue was caused more by Arrow's errors than by any error of Mr C's.*

*And the fact remains that Mr C clearly intended to pay his debt, having spoken to Arrow at length to arrange the settlement, and having made every single payment on time. The main reason the payments didn't all get through is because Arrow mis-allocated them.*

*If things had gone as they should have, the debt would have been cleared in January 2021. And Mr C would have been saved a good deal of stress and upset – Arrow even tried to have him taken to court, and we're almost two years on and the issue is only truly being resolved now. Further, Mr C's credit file would have looked better in the time before the debt fell off it in June 2021. I will clarify here that after the default became over six years old in June 2021, the account disappeared from Mr C's credit file and could not affect his credit scoring anymore – lenders can't see it. So he need not worry about it anymore in that sense.*

*But otherwise, that all needs to be put right. And while I accept that Arrow lost out on the £116.03 that they returned, the compensation I'd award for Mr C's distress and inconvenience is significantly larger than that. So I think the fair thing to do is to effectively offset that compensation against the £116.03 that was left. That means Arrow should write off and close that account, then pay Mr C the additional amount that I award on top. I also think Arrow should make sure that the other account is definitely written off and closed, in order that it doesn't affect Mr C any further.*

I said I'd consider anything else anyone wanted to give me – so long as I received it by 5 December 2022. But neither Mr C nor Arrow sent me anything new to consider.

### **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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

### **Putting things right**

I direct Arrow Global Limited to:

- Write off and close the credit card account in question;

- Make sure that the other account is definitely written off and closed, such that it does not receive any further payments, and such that Mr C is not contacted about it any further; and-
- Pay Mr C an additional £200 compensation directly, on top of the amount written off.

**My final decision**

I uphold Mr C's complaint, and direct Arrow Global Limited to put things right in the way I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 January 2023.

Adam Charles  
**Ombudsman**