

The complaint

Mr K complains Moorcroft Debt Recovery Limited wrote to him at his home address about an outstanding debt when they shouldn't have.

What happened

Mr K opened two loan accounts with a business I'll refer to as A. Unfortunately, unable to make repayments, the accounts fell into arrears and Moorcroft were appointed by A to recover the funds in April 2023.

Separately, Mr K says as he was struggling to repay his debts, which was also impacting his mental health, he'd asked a third-party organisation, who I'll refer to as C, to help in his application for a Debt Relief Order (DRO). C also wrote to both A and Moorcroft in March and April 2023 respectively, letting them know they were acting on Mr K's behalf and asked that neither party contact Mr K in any way for 60 days.

Subsequently, on 1 May, Moorcroft wrote to Mr K at his home address. This letter explained A had notified them of a further account and the total amount now due was £17,707.02.

Unfortunately, Mr K's partner opened this letter in error, which he says has had a significant impact on their relationship and his mental health. As a result, Mr K complained.

Moorcroft responded and explained they'd been notified by A on 28 April the amount Mr K owed had increased. And in line with A's procedures, they were required to write to Mr K each time they were notified of any increase. However, they acknowledged the wording of the letter wasn't accurate to Mr K's situation and offered £50 in compensation to apologise for this.

Unhappy with this response, Mr K complained to our service.

An Investigator here looked into things and agreed Moorcroft had made an error by sending the letter to Mr K's home address. However, she said Moorcroft weren't responsible for Mr K's partner opening the letter. As such she considered compensation of £150, in total, was fairer.

Moorcroft accepted what our Investigator said, but Mr K didn't. He reiterated his concerns and also said the letter was opened, with the name obscured when it was received at his home address. Our Investigator considered this but explained it didn't change her opinion.

With no resolution, the complaint has been passed to me to decide.

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 wrote to both parties and explained I was planning to come to a different outcome to the Investigator. In summary I said:

Mr K's representative, C, wrote to Moorcroft on 13 April, providing a copy of an email they'd previously sent to A. In this email C referred to two accounts Mr K held and listed the respective amounts due: £3,493.71 and £14,207.13. They also explained they were acting as Mr K's representatives and any contact should be made through them, as Mr K was caring for his partner and suffered from mental health issues. They explained that dealing with Moorcroft, alongside his caring responsibilities would exacerbate his anxiety and stress. Additionally, they explained Mr K was subject to *Breathing Space* and as such they said:

We do not expect you to contact Mr K in any way for 60 days to discuss debt or demand payment

Subsequently Moorcroft wrote to Mr K directly on 1 May, letting him know A had notified them of a further account and the total amount now due was £17,707.02.

Moorcroft said they are required to write to Mr K about any new accounts they've been notified about. And they were notified by A about the amount of £14,207.13, on 28 April, and as such sent the letter to Mr K.

However, based on what I've seen, Moorcroft should already have been aware of the second account, and amount of £14,207.13. C made it clear in their email of 13 April Moorcroft should not contact Mr K directly and they provided details of both accounts. So I consider Moorcroft knew they weren't to contact Mr K about either account from this point.

The impact caused to Mr K by Moorcroft sending this letter has been significant – and I took that into account when considering what fair compensation would be. Moorcroft were aware of his mental health issues and caring responsibilities. By writing to Mr K directly, his mental health has been significantly impacted, and relations with his partner have broken down as a result. While I understand Mr K's partner opened a letter not addressed to them, I can't rule out that the worry alone of Moorcroft sending letters would have caused a significant impact to Mr K. And it's also important to note that had Moorcroft not made the error initially – that letter would not have been sent to his address creating the opportunity for the issue with his partner.

Taking everything into account I considered that compensation of £400, in addition to the £50 already offered, might be a fairer amount to apologise for the distress and inconvenience this error has caused.

Moorcroft agreed with my recommendation, but Mr K didn't. He said this doesn't do enough to address the impact this situation has had on him. Mr K reiterated the impact this whole situation has had on him and explained in detail what he's been through – which includes quite sensitive information, and I thank him for that.

Mr K also raised concerns about the condition of the envelope when the letter arrived, along with the wording in the letter. But as I've concluded the letter shouldn't have been sent, I don't consider it necessary to make individual findings on these aspects too. As such, I've gone on to consider how I think Mr K should be compensated for Moorcroft's error in sending the letter.

While I've only briefly touched on Mr K's personal circumstances here, that isn't in any way to minimise or trivialise what's happened to him. I can see from what he's told us he's genuinely had a very challenging time as a result of Moorcroft writing to his home address. I do want Mr K to know I've read everything he's told us and thought about it very carefully. I've not reflected it in this decision because it's published, and I'm aware due to the circumstances he's described putting more detail here could cause him further issues.

I do however understand this has impacted Mr K's mental health significantly and he's had to get additional support as a result. I've considered the toll this would have had on Mr K, as well as the time he would have spent in obtaining this support.

All that said, taking everything into account, I'm satisfied a total payment of £450 is a fair and reasonable outcome. I hope Mr K doesn't feel I'm underplaying the impact this situation has had on him, but overall, I think this is a fair compensation given what's happened.

My final decision

I uphold this complaint and require Moorcroft Debt Recovery Limited to pay Mr K a total compensation amount of £450. This includes £50 previously offered by Moorcroft Debt Recovery Limited in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 18 March 2024.

Victoria Cheyne
Ombudsman