

Final demand

Bill disputes are often upsetting and acrimonious, but they are more frustrating when you believe you don't owe a penny. We investigate the problem of false debts



FIVE-YEAR FARCE

Mark Lane 52, company director

Mark Lane received an apology from British Gas after it took him to court for a false debt that it had chased for five years.

But that wasn't the end of the matter. Mark continued to get debt letters, culminating in bailiffs climbing a fence to get in to his property. Even when Mark's wife rang the police, they told her that they would not get involved with bailiff cases.

Mark believes corporate harassment should be looked at as a legal offence. 'The whole thing was process driven,' he said. 'Computer technology can send off letters chasing debts,

and customer service staff are not in a position to treat customers as individuals.'

When we asked British Gas why this had happened, a spokesman told us that Mark's case was unique and it was confident that nothing like this could happen again.

However, consumer watchdog Energywatch has told us of two other cases where British Gas has put debt collectors on to people who didn't have accounts with the company.

British Gas has produced a leaflet to help consumers with complaints, available by calling 0845 955 5300.

'STOP: important information! Your account has now been disconnected.' That was the message on Graham Fallows' Sainsbury's Mobile bill, and it appeared on subsequent bills, even though Graham had ended his contract nearly a year earlier. Carphone Warehouse, which managed the account, continued to bill and employed a debt agent to collect the £240 it claimed it was owed.

Last October, nearly a year on, Carphone Warehouse acknowledged its mistake and cleared the slate. Then, a month later, Graham got another Sainsbury's Mobile bill for £30. 'It's like some monster that cannot be stopped,' Graham told us.

After we contacted Carphone Warehouse, it said Graham's Sim card was to blame and ordered him a new one, saying: 'We admit this was our error.'

Dispute escalation

You might think this is an isolated incident. But we have received numerous letters on the subject of bill disputes from people who have ended their accounts and from those who have been victims of mistaken

identity. Both the Financial Ombudsman Service, which investigates debt complaints about cards and loans, and Otelco, which deals with complaints about the telecoms industry, have similar cases on their books.

It's a widespread problem, and innocent consumers feel that their complaints are lumped in with those of customers who can't or won't pay. And if you don't pay, the problem invariably escalates: simple disputes are passed on to debt collectors, and innocent people are threatened with court action and a black mark on their credit rating. The onus is often perceived to be on the customer to prove their innocence, and some may pay up rather than put up with the hassle of trying to sort things out.

Wrongly accused

For Maxine Silsby, being wrongly chased for a debt had consequences beyond the worry of receiving unwanted bills, as her mortgage application was refused due to a poor credit rating.

Early last year, Maxine cancelled her cable and broadband deal with NTL. After the company became Virgin Media, she received a bill for £76. Maxine told Virgin she would pay if it told her what the amount was for. She never received an answer – just a stream of payment demands and a letter from a debt agency.

When Maxine's mortgage application was refused because of the outstanding debt, her mortgage broker advised her to pay the £76. Maxine paid up, but still didn't receive an itemised bill.

When we contacted Virgin Media, it apologised for not sending a copy of the bill and said it would reset Maxine's credit reference. Maxine said: 'The whole process is too one-sided. They can slip up and nothing happens, but if you don't pay you're penalised.'

You would expect companies to treat this type of dispute differently from those where people simply don't pay what they owe.



RULE BRITANNIA

Damian and Bernie Cooper 39 and 45

Two Which? members contacted us after they received letters from debt agency Intrum Justitia for outstanding cash owed to mail-order firm Britannia Music & Film. Bernie Cooper, pictured above with her husband Damian, hadn't been a Britannia customer for 18 months; Tony Bartlett stopped his contract in 1996. Neither Bernie nor Tony was given a breakdown of the amount they allegedly owed.

We contacted Intrum Justitia and it said it had relied on data supplied by the liquidator, as Britannia Music & Film had gone out of business. Intrum also said it dropped these cases after receiving letters from Bernie and Tony. However, it hadn't let them know this.

Bernie told us: 'I think it's totally wrong to get letters like this without any warning. It's harassment, really.'

When we spoke to Otelos ombudsman Dr Richard Sills, he felt that some companies are often 'overly quick' to refer disputes to debt agencies.

Computer says no

A common problem appears to be a failure to cancel contracts. Fred Guntrip took out an O2 mobile contract through Carphone Warehouse. He wrote and cancelled his O2 contract and switched to T-Mobile, also through Carphone Warehouse, only to continue to be billed for the O2 account.

Carphone Warehouse said it never got the cancellation letter, but found it four months later when the dispute had already gone to a debt agency. Fred wrote to the debt agency but continued to receive demands – the agency told us it never received his letters either.

Why are mistakes about cancelled contracts and incorrect billing happening? One reason is that, in some companies, the left hand doesn't know what the right is doing.

In some companies the left hand doesn't know what the right is doing

As Otelos Dr Sills explained: 'Companies operate in silos, where the customer service staff work separately from the department where bills are issued.'

Which? says

While all the companies in this report apologised for what had happened, none really acknowledged any problems with the way it dealt with wrongly accused customers.

It's not right that companies hold all the cards in these types of dispute. They can make life very difficult for people and are slow to recognise that the customer could be complaining because the company has made a mistake. For instance, Virgin Media advises customers in this situation to pay up, and told us it sees a failure to pay as a 'stalling tactic'.

Which? believes that customers should have an automatic right to full disclosure about the details of any debt before a dispute goes to debt collectors or a credit rating is altered.

Checklist

Here's what to do if a company contacts you about a false debt

■ **Get the facts** Ask the company to carry out an investigation to show how much you owe and what the debt is for. Request that all correspondence about the debt stops until this is completed. If necessary, point out that a failure to disclose will be brought to any judge's attention if the matter goes to court.

■ **Keep in touch** If a debt agency is hired, address correspondence to the original company and copy in the debt collector, and ask it to check again with the company.

■ **Deadlock** Not getting anywhere? Tell the company that if the matter isn't resolved within 28 days you will consider it deadlocked, and you will then go straight to the company's formal complaints procedure.

■ **Take it further** If you continue to receive final demands, address complaints for debit/credit cards and loans to the Financial Services Ombudsman (www.fos.org.uk, 020 7964 0500), phone and internet services to Otelos (www.otelo.org.uk, 01925 430049), and energy complaints to the Energy Supply Ombudsman (www.energy-ombudsman.org.uk, 01925 530263).

■ **Bad credit report** If the dispute isn't resolved, your credit rating will probably be affected. Credit reference reports are held by companies such as Callcredit, Equifax and Experian. If yours is incorrect, get the company that is in the wrong to ask for the report to be amended, and write to the credit reference agency yourself.

■ **Harassment** The Office of Fair Trading has issued guidance for debt collectors on how to deal fairly with debtors. Go to the OFT's website at www.of.gov.uk for more information.