

Firm apologises for 'human error' that shared credit files

James Hurley

A firm that acquired business owners' personal guarantees from Funding Circle, the online lender, has apologised after wrongly putting company-related debts on their consumer credit files.

Azzurro Associates, a debt buyer ultimately owned by Elliott Management, a New York investment fund, said "human error" had resulted in a number of personal guarantees being reported to the three principal credit reference agencies without following due process, such as first informing the debtor that they were planning to do so.

Funding Circle's sale of two tranches of guarantees to Azzurro prompted concerns about the treatment of borrowers but the online lender said at the time that business owners would not be disadvantaged by the deal. It is understood that Azzurro will offer to provide a letter if needed to potential lenders explaining what has happened.

However, Rhys Thickett, 34, a Funding Circle borrower and property developer whose personal guarantee was sold, said he had faced commercial and personal consequences after Azzurro put incorrect information on his personal credit file. He said Azzurro mislabelled the nature of his debt.

"I had a funding offer withdrawn only yesterday as a result of this, it is damaging my business. We were told this

deal would have no impact for guarantors. That is simply not true. It's costing me a lot of money and stress."

Azzurro said the issue affected about 28 borrowers and 11 reported difficulties as a result of the mistake. It believes the majority of the information provided to the agencies — Experian, Transunion and Equifax — was accurate. Personal guarantees are a business owner's personal promise to repay company debt. Information on personal guarantees does not appear on consumer credit files as a matter of course but debt owners can pass information on the guarantees to credit rating agencies if a set process has been followed, including notification of the borrower.

Andrew Birkwood, chief executive and founder of Azzurro Associates, said: "We acted immediately upon being notified a mistake had occurred, including contacting our customers and the credit reference agencies who have confirmed that the information has already been removed or will be removed from the files by Monday 26."

Birkwood said the information may show on records for the next 30 days but insisted it will not damage people's credit ratings. "Azzurro apologises for any inconvenience caused," he said.

Funding Circle sold 300 personal guarantees to Azzurro last year and a further 1,900 in June.

Funding Circle declined to comment.