

The complaint

Miss O complains Madison CF UK Limited trading as 118 118 Money didn't put in place a repayment plan she'd agreed with them leading to her receiving a default incorrectly.

What happened

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

Miss O took out a loan with Madison in January 2022 for £5,000 with a monthly repayment of £223.27. In September 2022 she took a new job with a lower income, so asked Madison to reduce the payments to help her. She says Madison agreed to do that – but despite that agreement, continued taking the contractual payment.

Miss O says during this time she received multiple assurances from Madison they'd put a plan in place, but then was also emailed on several occasions to say her plan had failed. She then received a letter saying she was in arrears in February 2023 – so she complained.

In their response Madison said they'd set up two payment plans for Miss O – one in November 2022, and another in January 2023. The November plan failed as the regular monthly payment was made that month – as Madison said Miss O didn't cancel the direct debit with her bank. This meant in December 2022 the regular payment was made as well. But, in January 2023 Madison attempted to put the plan back in place and take a reduced £150 payment. They said Miss O had been told about when they'd call for payments, and that if those payments weren't made the regular monthly payment would need to be made instead.

Madison went on to say they understood Miss O was unhappy about getting a default added to her account. But unless Miss O paid the amount owed on the Notice of Default (NoD) by the due date, then the default would be applied. Madison added they'd not done anything wrong on this point but had noted she'd had some issues accessing the mobile app to set up the repayment plan. For this, they offered her £35 compensation.

Miss O asked us to look into things. Our Investigator tried to get an answer from Madison, but they didn't reply. So, relying on Miss O's testimony, he upheld the case. He said Madison should remove any adverse information from the credit reference agencies, pay £200 compensation, and work with Miss O to agree a repayment plan.

Miss O accepted the outcome, but Madison didn't reply to several contacts, so the complaint's been passed to me to decide.

Before doing so, Madison provided all their information for Miss O's case. It's extremely disappointing they didn't reply for months, but regardless I'm required to consider all available information when reaching an outcome.

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.

Miss O has provided quite a detailed explanation of what happened. She's said because of her moving departments she lost some of the allowances – such as overtime – she previously had. Because of that, she was in some difficulties with her finances, and asked Madison to put a plan in place. She says they agreed to do so, but then reneged on this. Madison say the repayment plans they put in place failed because Miss O didn't keep to them.

I've now considered the evidence provided by both sides.

It's clear Miss O was in some difficulties with her finances, so I'm pleased to see Madison intended on supporting her with putting a repayment plan in place for £150 a month for a few months.

Madison made it clear if Miss O didn't make the reduced payments, then the plan would fail and the regular monthly payment of £223.27 would become due – and this is what they say has happened.

I don't agree with this though.

I can see from the emails provided when Madison put the plan in place for November 2022 this was done after they'd already sent a request for Miss O's usual monthly payment. They told her to contact her bank, to cancel the payment. Miss O has told us she didn't, as she had quite a lot going on. From what I can see, she also only had two days to do this before the payment was made.

Following the £223.27 payment being successfully made, Madison then attempted to take the reduced £150 payment – but have said this failed due to insufficient funds.

So, Madison had already requested the regular monthly payment, but then also set up the payment plan and tried to request the payment for that. As the original payment went through, I was confused as to why the payment plan was then cancelled.

Madison have explained it's because Miss O didn't cancel the contractual payment due in November with her bank. And, as that payment was successful, but the payment plan amount of £150 failed – this failed payment of £150 led to the plan being cancelled.

Although I think Miss O should have got the contractual payment cancelled, I also think Madison should have systems in place to identify this kind of issue. It seems their system automatically cancelled the payment plan of £150 – and Madison have confirmed they didn't tell Miss O this. I also don't think, given Miss O's specific circumstances, it'd have been unreasonable of Madison's agents to manually check what was going to happen. They knew Miss O only had two days to get the payment cancelled – so, presumably, knew it was entirely possible the plan might fail but seemingly did nothing about this.

After the November payment of £223.27 was taken, instead of the £150 Miss O expected, she contacted Madison and asked them to put the payment plan back in place. She

contacted them on 7 December, and the payment wasn't due to come out until 21 December. But, the payment of £223.27 came out instead of £150. We asked Madison why they didn't deal with this in time, and they've said Miss O's email was overlooked in their inbox.

Madison said the account was first reported in arrears as of January 2023, and they defaulted the account in April 2023. They've said the account has since been sold to a debt purchaser in August 2023.

Miss O has provided a significant amount of correspondence to show she was trying to speak to Madison during this time to get the repayment plan put back in place – but it seemingly never happened.

Overall, I think Madison needed to do considerably more to support Miss O. Their systems automatically cancelled a payment plan, no one manually checked and they didn't tell Miss O what was happening. Following that they then didn't deal with her requests to put the payment plan back in place in a timely fashion. I think bringing all of this together means Madison are primarily responsible for her ending up with a default. I also think this situation has caused Miss O quite a lot of worry and concern. I can't ignore she didn't talk to her bank, which may have prevented some issues – but overall I do think £200 compensation is fair for the aggravation Miss O has experienced.

Responses to my provisional decision

Miss O replied and said thank you.

Madison didn't reply by the deadline.

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.

As Miss O is seemingly happy with my outcome, and Madison didn't reply by the deadline, then I remain of the opinion they've treated her unfairly and need to put things right.

Putting things right

I require Madison CF UK Limited trading as 118 118 Money to:

- Buy the account back from the debt purchaser
- Remove any negative information recorded with the credit reference agencies
- Remove any charges, fees or interest which otherwise wouldn't have been charged but for the problems with putting in place the repayment plan – the contractual interest agreed to in the loan agreement should still be repaid
- Discuss repayment proposals with Miss O – ensuring any repayments are affordable to her
- Pay Miss O £200 compensation for their errors.

My final decision

I uphold this complaint and require Madison CF UK Limited trading as 118 118 Money to carry out the actions in the 'Putting things right' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 31 January 2024.

Jon Pearce
Ombudsman