

## **The complaint**

Miss M complains that Ikano Bank AB (publ) have unfairly registered a default with the Credit Reference Agencies (CRA's).

## **What happened**

Miss M says that she received two letters together in separate envelopes from Ikano. One was regarding a fee for a missed payment, and another one was regarding a default. But Miss M says she did not receive a notice of default. Miss M says she immediately paid the outstanding balance in full, along with the missed payment charge and contacted Ikano to inform them and asked them to remove the default, but they refused. She believes some letters may have been delivered next door, but nobody lives there.

Miss M said after speaking with the call handler for over an hour and raised a complaint, he hung up on her, so she had to ring Ikano back. Miss M says that Ikano didn't use all forms of contact such as email and telephone to try and contact her about her arrears. Miss M made a complaint to Ikano.

Ikano partially upheld Miss M's complaint. They said payments for May, June and July 2022 had not been received. They said a Notice of Default was issued to her on 14 July 2022, but as this was not satisfied they sent her a Notice of Termination on 11 August 2022. Ikano said that each call handler she spoke to logged a complaint regarding Miss M's concerns, and as these were raised with the same aspects, her two complaints had been merged. They said after her first call disconnected, the agent did attempt to call her back and discuss the conversation with their management team, however Miss M was already connected with another call handler. They said during the first call Miss M requested to speak to a manager, but due to the disconnection there was no expectation set by the call handler, so the call handler did not raise the request with a manager. For this, Ikano apologised and offered Miss M £20 compensation. Miss M brought her complaint to our service.

Our investigator said Ikano's evidence showed they wrote to Miss M on 12 May, 12 June, 12 July, 14 July and 11 August 2022, informing her of missed payments, fees charged and a notice of default, but as the arrears were not paid by this date, a default was registered. She said the £20 Ikano offered Miss M for not speaking to a manager was fair.

Miss M asked for an ombudsman to review her complaint. She made a number of points. In summary, she said when she opened the account she was vulnerable and Ikano accepted her for the account without a thorough assessment. She said that the call handler hung up on her after going to get a manager to speak to her, and the notes she had from Ikano doesn't show he tried to ring her back. She said she hadn't been offered £20 compensation on the calls. Miss M says she didn't receive correspondence from Ikano such as the notice of default and other letters Ikano claim to have sent her.

## **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.

Miss M has asked me to consider complaint points that weren't part of her original complaint to Ikano, such as what she said about being vulnerable when she opened the account and they accepted her for the account without a thorough assessment. Our investigator has explained to Miss M that I'm unable to look at these points as part of this complaint, and I'm aware a new complaint has been set up for her. As such I won't be discussing these points in my decision.

Miss M has made a number of points to this service and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body, I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

A default can only be registered when a customer has been in arrears for at least three months. Miss M appears to have missed her payments due in May, June and July 2022. I can see that Ikano sent Miss M letters dated 12 May, 12 June and 12 July 2022 regarding these missed payments. On 12 July 2022, they also sent her a notice of default, which informed her that she must pay her arrears by 4 August 2022. The notice informs Miss M that if she doesn't take the action required before this date, then they would terminate her agreement and notify the CRA's that she had defaulted on her agreement.

As Miss M did not make the required payment by 4 August 2022, then Ikano did what they said they were going to do. They terminated the agreement and notified the CRA's she defaulted on the account, and this was confirmed to her in a letter dated 11 August 2022. I've considered what Miss M has said about her not receiving these letters. But I can see they are addressed to the same address where Miss M did receive the termination notice and the missed payment letter dated 11 August 2022 (as she sent us a photograph of these letters). Although Miss M says she never received the other letters Ikano claim to have sent her, I can't hold Ikano responsible for any postal system errors as this would be out of their control. Ikano are not required to send a default notice by other means such as a text message, phone call or email. So as Miss M didn't make the required payment by the relevant deadline, I'm unable to ask Ikano to remove the default as they have made no error here, when they didn't receive a payment from Miss M for over three months.

I've listened to the calls that Miss M had with Ikano. She says the call handler hung up on her and she strongly believes he didn't ring her back as there are no notes to show he did this. But after listening to the call I'm not persuaded that he disconnected the call on purpose. I say this as he had placed Miss M on hold while he went to try and find when a manager could give Miss M a call back. He didn't disconnect the call when leaving Miss M to speak to a manager, it was after a couple of minutes after trying to speak to a manager – presumably when he was trying to take Miss M off hold to speak to her. The tone of the call was cordial, and the call handler was calm throughout the call, so I'm not persuaded on the balance of probabilities that he purposely hung up on Miss M.

Miss M is correct to say that the notes don't show that he tried to call her back, but Ikano have sent us an outbound recording dated on the same day to Miss M, where the call handler reaches her voicemail. Miss M rang back Ikano and spoke to a different call handler, who raised a complaint on her behalf. But regardless of why the call disconnected, it would have inconvenienced Miss M having to ring back Ikano when the previous call disconnected. And the call handler could have left a voicemail for her, unless he could already see she was already on the phone to another call handler at Ikano.

Ikano offered Miss M £20 as Miss M never received a call back from a manager. This offer of compensation wasn't mentioned on the calls as this was part of the outcome of her complaint. So this was offered in her final response letter, which I can see was emailed to

her. The offer is in line with what our service would expect Ikano to offer Miss M for her experience with the first call being disconnected. So it follows that Ikano should pay Miss M the £20 compensation that they offered her.

### **My final decision**

Ikano Bank AB (publ) has already made an offer to pay £20 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Ikano Bank AB (publ) should pay Miss M £20 for inconvenience (if they haven't already done so). But I won't be requiring them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 16 August 2023.

Gregory Sloanes  
**Ombudsman**