

The complaint

Miss P complains that Madison CF UK Limited trading as 118 118 Money unfairly recorded a default on her credit file.

What happened

Miss P had a credit card with 118 118 Money. In April 2022, she contacted them regarding her financial situation and a repayment plan was agreed. In September 2022, 118 118 Money issued a default notice and the account subsequently defaulted.

Our investigator upheld this complaint. In short, she said Miss P had maintained the repayment plan and that 118 118 Money weren't clear that the account would default if she fell behind. She therefore asked 118 118 Money to amend Miss P's credit file, remove the default and provide compensation of £200.

Miss P accepted. 118 118 Money didn't reply so the complaint has been passed to me to decide.

I issued a provisional decision, an extract of which is included below:

"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.

As part of Miss P's agreement with 118 118 Money, and in order to maintain the account, Miss P needed to make the contractual minimum payment each month towards her credit card which also included interest that had accrued on her balance.

In April 2022 Miss P got in touch with 118 118 Money because she was experiencing financial difficulties. Her account statements show that at around that time she'd exceeded her credit limit of £2,000. Miss P said she couldn't meet the contractual repayments going forwards and needed the assistance of 118 118 Money.

In response to this 118 118 Money agreed to a repayment plan of £10 per month commencing on 1 May 2022, which would be reviewed after six months. I think this was fair and reasonable. I say this because it was clear based on a discussion of Miss P's income and expenditure that she couldn't meet her contractual payments (which for example in May was approximately £162). And Miss P confirmed £10 was affordable for her. In addition to this, 118 118 Money agreed to suspend interest and charges although they weren't obliged to do so. This meant the amount Miss P owed would not increase despite her not making the contractual payments.

Having looked at Miss P's account statements it seems that the repayment plan was broadly maintained although payments were not made on time in July/August. By September it seems Miss P's circumstances still hadn't changed, and she wasn't in a position to start making the contractual payments towards her account. Given that

the repayment plan was a short-term measure and Miss P had already been on her plan for a number of months, I think a default was inevitable. It follows that I don't think 118 118 Money were wrong to issue a default notice.

For Miss P this would mean 118 118 Money could accept lower payments going forwards. This would've been beneficial to Miss P as the contractual amounts were not affordable. It would also mean interest and charges would be suspended indefinitely. Furthermore, having the default recorded earlier would mean it would come off Miss P's credit file at an earlier date.

Miss P said 118 118 Money didn't tell her about the default. Having looked at the default notice that was issued on 12 September 2022, I can see that this was sent to the address it held for her (and also matches the address we currently hold for her), so I think 118 118 Money sent this notification to the right place and therefore they did enough to put Miss P on notice that action was needed.

118 118 Money gave Miss P until 3 October 2022 to make the payment, which is in line with what I would expect. It seems Miss P didn't make the required payment to bring her account back up to date and the account was defaulted. I don't think it was unreasonable for 118 118 Money to default the account in the absence of the required payment.

So taking everything into account, I don't think 118 118 Money acted unfairly. It follows that I won't be asking them to make any amendments to Miss P's credit file or issue her with compensation. I realise this provisional decision will be very disappointing for Miss P. But for the reasons I've explained above I don't currently think 118 118 Money need to do anything more to resolve this complaint.

My provisional decision

My provisional decision is that I do not uphold this complaint".

118 118 Money didn't reply to my provisional decision.

Miss P replied to say she didn't agree with my decision. She explained she was going through a lot in her personal life, and this was the reason why her payments were late. She also said she doesn't recall seeing a default letter and that she doesn't think it was fair 118 118 Money sent her one letter before the default.

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'm sorry to read about Miss P's personal circumstances and realise this must've been a stressful time for her. However, I still think 118 118 Money treated Miss P fairly because it took into account the information she provided to them when the repayment plan was agreed and Miss P confirmed it was affordable. I also think 118 118 Money treated her fairly by suspending interest and charges during the repayment plan although it wasn't obliged to do so.

I appreciate Miss P made the repayments late due to her personal circumstances, but even if they'd all been received on time, the repayments were still far less than the contractual amount and it seemed inevitable the account was going to default. And as explained in my decision, defaulting the account would have been beneficial to Miss P because interest and

charges would be permanently suspended, and she'd be able to agree a longer-term repayment plan.

Miss P has said she doesn't recall receiving the default notice, but 118 118 Money's records show that this was sent to her, and to the correct address. So I think 118 118 Money did issue the notice to the right place and therefore did enough to let Miss P know she needed to contact 118 118 Money.

Miss P has said she doesn't think it's fair her account was defaulted after one letter. But having looked at the default notice, this gave Miss P approximately three weeks to get in touch with 118 118 Money which I think is a reasonable period of time. I don't think it's unreasonable 118 118 Money subsequently defaulted the account in the absence of any contact from Miss P.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 2 August 2023.

Marie Camenzuli
Ombudsman