

## **The complaint**

Miss N complains that Shawbrook Bank Limited unfairly registered a default on her credit file.

## **What happened**

Miss N had a personal loan with Shawbrook. Due to financial difficulty, she made reduced payments after speaking with Shawbrook. Miss N says she was not told when this would end, and Shawbrook was supposed to ring her about this. Miss N says that she was not aware Shawbrook had sent a letter to her address warning of a default, and she didn't receive any communication from them via any other methods. Shawbrook registered a default on her credit file. Miss N made a complaint to Shawbrook.

Shawbrook partially upheld Miss N's complaint and offered her £50. They said a concessionary arrangement was put in place for six months on 16 February 2023 for £53.63 a month. Within this call, their call handler told Miss N to contact them to discuss the account prior to the arrangement ending. They said they gave Miss N another call on 25 February 2023, and after explaining how reduced payments would accrue arrears resulting in late payment markers being applied to the credit file, they also advised for her to contact them prior to the arrangement ending on 28 July 2023. They said although they advised for her to call back, she also requested they call her as well and the call handler agreed to do so.

Shawbrook said with no contact being received prior to 28 July 2023, the account entered their default process, and a Notice of Default was issued on 1 August 2023, as well as a text message to Miss N's mobile on 2 August 2023. They said while they agree the call handler didn't call Miss N back as agreed prior to 28 July 2023, they are unable to agree that they did not make reasonable attempts to contact her prior to the account defaulting, due to them attempting contact by text message and they issued a Notice of Default which informed her of the status of the account and for her to get in touch with them. Miss N brought her complaint to our service.

Our investigator said the compensation offered was fair for Shawbrook not ringing Miss N as agreed, as this was poor customer service rather than a reason for the default to be removed. He said he listened to a call on 2 October 2023 and whilst the call handler states that Shawbrook is able to make three calls each day (but they don't leave voicemails), this isn't in relation to the contact that was required before 28 July 2023. The agent specifies later in the call that during a concessionary arrangement contact would not be made. Miss N asked for an ombudsman to review her complaint.

## **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've listened to the call Miss N had with Shawbrook on 16 February 2023 when she informs Shawbrook she is in financial difficulty. Early in the call, the call handler confirms Miss N's address. They discuss Miss N's income and outgoings. At the end of the call, the call

handler confirms she's put a concessionary arrangement in place for Miss N for six months and either she would need to give them a call or they would get in contact with her.

Shawbrook give Miss N another call on 25 February 2023. They said the call was regarding the six month concessionary arrangement and Miss N would need to get in touch before this finished. The call handler explained about the impact on Miss N's credit file about the partial payments. Miss N asks when the last payment is due, and the call handler says 28 July. She says Miss N would need to call them before then. Miss N asks if the call handler would be able to ring her back, and the call handler says she could call before July.

Miss N did not get a call from the call handler before July. So Shawbrook let Miss N down here by not doing this. But Miss N did not contact Shawbrook either, even though she ought to have been aware the reduced payments were for six months, and the last reduced payment was 28 July 2023. Miss N was also sent a statement in April 2023 which showed the current arrears.

Shawbrook had sent Miss N a Notice of Sums in Arrears dated 31 May 2023. This letter informed her she was behind with her payments and said *"Please contact us as soon as possible"* and gave her Shawbrook's telephone number, their email address and postal address. But Miss N didn't contact them around this time, or before 28 July 2023.

So as there was no contact from Miss N, the collections activity resumed. Shawbrook sent Miss N a Notice of Default on 1 August 2023 by post. While Miss N had given Shawbrook her email address also, Shawbrook are entitled to send the Notice of Default by post only, and Miss N had confirmed her address on earlier calls.

This letter told Miss N the amount of arrears, informed her of the further action Shawbrook may take (such as ending the agreement and registering a default with the Credit Reference Agencies (CRA's), and it contained a section if Miss N was unable to make her loan repayments. This section included the potential option of a repayment plan. Shawbrook also sent Miss N a text on 2 August 2023 at 9:18am.

While Miss N says she didn't receive this text, the evidence shows Shawbrook sent her a text, therefore I can't hold Shawbrook responsible for any issues with her phone or network provider for not delivering this text, as this would be outside of Shawbrook's control.

So Shawbrook had fulfilled their regulatory duty by sending Miss N the Notice of Default letter, and when they didn't receive either the required payment from Miss N by the date given in the letter of 28 August 2023 or any contact from her, then they ended the agreement, and registered a default. As Shawbrook have a duty to report accurate information to the CRA's, this is what they did when there was no response to the Notice of Default.

I've considered what Miss N has said about not seeing this letter for several weeks after it was sent. But it was sent to her registered address. So I can't hold Shawbrook responsible if the letter was misplaced in her property, and she didn't read this until after the default had been registered.

I've considered what Miss N has said about her call with Shawbrook on 2 October 2023, after the account had already defaulted. The call handler had mentioned that there could be calls up to three times a day, but they wouldn't leave a voicemail. But as Miss N was on a reduced arrangement, they would not be able to give collections calls to her prior to the arrangement ending. And they aren't required to make calls before registering a default. The call handler explained to Miss N that the Notice of Default letter was in line with the regulations they follow, and it's classed as sufficient contact for them to get in touch with a

customer.

I do think Shawbrook let Miss N down by not giving her a call before the reduced payment plan ended. But I can't say it would be proportionate for Shawbrook to remove the default on this basis. This is because Shawbrook sent Miss N a Notice of Default to her registered address. This gave Miss N clear instructions what she needed to do by 28 August 2023. So when Miss N didn't make the required payment or get in contact with Shawbrook prior to this date, Shawbrook acted in line with how I would expect, and they registered a default.

I know this will disappoint Miss N as she feels this was out of her control, so Miss N may wish to consider registering a "*notice of correction*" with the CRA's to explain what happened here. This is a short explanatory note that she can add to an entry on her credit file, to explain the background to that entry. So anyone who searches her credit report, would see the notice of correction and take the notice into account if they viewed her credit file. Prospective lenders will each consider a notice like this differently and it isn't a guarantee that they will put the underlying payment information to one side. But given how strongly Miss N feels here - it is an option that is open to her. She would need to contact the CRA's to do this.

Shawbrook offered Miss N £50 for not giving her a call back. I'm persuaded this is fair as it would cause Miss N distress when she didn't get a call back. This is in line with our awards for compensation for what happened here. So Shawbrook should pay this to Miss N if they haven't already done so, but I don't require them to do anything further.

### **My final decision**

Shawbrook Bank Limited has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Shawbrook Bank Limited should pay Miss N £50 (only if they haven't done so already). 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 N to accept or reject my decision before 13 June 2024.

Gregory Sloanes  
**Ombudsman**