

The complaint

Miss W complains that Provident Personal Credit Limited (trading as Satsuma) won't backdate a default on her credit file relating to an instalment loan. She wants the default removed.

What happened

Miss W took out an instalment loan for £1,500 from Satsuma in August 2017. This was to be repaid in 12 monthly instalments of £249. Miss W made the first two repayments, and then various payment arrangement plans were agreed for further repayments until Miss W missed one in March 2019.

Satsuma said it wasn't able to then contact Miss W to make another arrangement and it registered a default in September 2019. When Miss W complained, it agreed that the default should have been dated from April 2019 and it changed this. But Miss W thought the default should be backdated to November 2017.

Our adjudicator didn't recommend that the complaint should be upheld. He thought Satsuma had correctly moved the default from September 2019 to April 2019. So he thought it had recorded the correct date for the default and hadn't treated Miss W unfairly.

Miss W replied that she thought the default should be dated from the point where she'd first missed a scheduled repayment, November 2017. She said Satsuma hadn't told her that a default would be applied. She wanted it backdated or else removed.

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 can understand Miss W's frustration that she's now cleared this debt, but the default will remain on her credit record for some time and this will affect her financially.

I can see from the account details that Miss W missed loan repayments from November 2017 onwards. Miss W thought her default should have been recorded from this date. But I don't agree. Most credit providers won't issue a default for the first missed payment. I can see that Satsuma set up various arrangements to pay with Miss W after this date. When this is done, a default wouldn't be recorded unless the terms of the arrangement are broken.

Miss W said that she made two partial repayments in December 2018 and February 2019, which I can see on the account. But the missed repayment in March 2019 was the sixth month missed since the loan was first taken out. Miss W disagrees that Satsuma then tried to contact her. But this doesn't change the fact that she'd missed her repayment and broken the arrangement to pay.

I think a business can register a default if the terms of an arrangement to pay are broken. I also think a business can record a default when between three and six repayments are missed. I can see that Satsuma warned Miss W in June 2018 with a default notice that a default may be recorded on her credit file.

So Miss W had broken her arrangement to pay by not making a repayment in March 2019. She'd then missed six monthly repayments for her loan. Satsuma had issued her with a default notice. So I think Satsuma reasonably recorded the default in April 2019. Satsuma has a duty to record accurate information, so I don't require it to remove or change this default.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 9 April 2021.

Phillip Berechree
Ombudsman