

The complaint

Ms S has complained that Arrow Global Limited defaulted her account even though she was over-paying her payment arrangement.

What happened

This complaint surrounds a credit card account that was sold to Arrow.

Ms S arranged an affordable repayment plan with Arrow. She then tried to pay more when she could.

A number of times, Ms S missed her calendar repayment but then paid enough to clear the arrears, cover her next scheduled payment, and add extra on top.

Arrow defaulted the account. Ms S complained. She pointed out that Arrow's servicing website said she was paid up until 2027.

Our investigator looked into things independently and upheld the complaint. They worked out that Ms S had clearly paid more than she was due to under the payment plan, even if she'd done so on an ad hoc basis, so she wasn't behind. They noted that Arrow had spoken to Ms S about her payments and done a review, but didn't tell her that her payment pattern might lead to a default until after the termination notice. She recommended that Arrow remove the default and reinstate the account.

Arrow didn't agree. They re-sent the same information as before. The complaint's been passed to me to decide.

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 appreciate that Ms S sometimes missed her scheduled payments, since she paid in such an ad hoc fashion. But each time she missed a payment, then would then pay enough to cover any missed payments, *and* her next payment, *and* extra on top. As far as I can see, Ms S never actually got into enough arrears that would normally justify a default – she not only kept making up any missed payments, she also got well ahead on her schedule too.

Indeed, by the time of the default Ms S had paid Arrow about £70, when under her arrangement she was only due to have paid them about £30 so far.

It seems pretty unreasonable for Arrow to have treated Ms S as being in substantial arrears or in severe breach of her arrangement, when she'd actually paid more than double what she was due to under the agreed arrangement.

I appreciate it may not be convenient for Arrow to receive payments on such an ad hoc basis, rather than every calendar month. But I can't see that they explained this clearly to Ms S before the termination notice, nor warned her that they'd look to default the account if she continued paying this way. As our investigator pointed out, Arrow even did a review with Ms S shortly before the termination notice, where she said she wanted to continue doing what she was doing now and overpay where she could. But I can't see that they warned her then. Their first conversation about this appears to have only been after the termination notice. And that doesn't seem fair.

So I agree with our investigator that Arrow didn't provide Ms S with a reasonable opportunity to prevent the default, and I find the default to have been unfair in this particular situation – not least given that Ms S was actually well ahead of her payment schedule. As things stand, I understand that Arrow's servicing website now says that Ms S is all paid up until 2028.

The most sensible solution would be to remove the default, and reinstate the account and payment plan. Ms S should then make sure she makes her scheduled payments every calendar month from now on. She may want to use a standing order or direct debit to help make sure the payments go out on schedule.

Putting things right

I direct Arrow Global Limited to:

- Remove the default from Ms S's credit file, along with any related negative information; and-
- Reinstate the account and payment plan.

My final decision

For the reasons I've explained, I uphold Ms S's complaint, and direct Arrow Global Limited to put things right in the way I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 23 June 2022.

Adam Charles
Ombudsman