

The complaint

Mrs E complains that Chetwood Financial Limited, trading as BetterBorrow, unfairly recorded a default against her credit file.

What happened

Mrs E took out a loan with BetterBorrow. The loan was for £12,000 over 72 months, with monthly payments of around £253. In April and May 2023, Mrs E failed to make the monthly payment on her loan. BetterBorrow have told us they tried to contact Mrs E on a number of occasions in these months. This included sending her a Notice of Sums in Arrears letter at the end of May 2023, encouraging her to contact them if she was struggling to maintain her repayments, but received no response.

In June and July 2023, a further two payments were missed. This put Mrs E's loan account at around four payments in arrears. BetterBorrow have told us they continued their contact attempts to Mrs E throughout these months, but again, received no reply. So, on 27 July 2023, they sent her a default notice, explaining that if she failed to pay the full arrears of £1,011.60 by 12 August 2023, a default would be registered.

On 28 July, the day after the default notice was sent, Mrs E logged in online and made a payment of £300 towards her loan. But she appears to have made no contact with BetterBorrow to discuss the arrears. So, as the full arrears had not been settled, and BetterBorrow had received no contact from Mrs E to discuss her repayments by 12 August 2023, a default was registered. Following this, Mrs E complained.

Mrs E explained she had been going through a very difficult period of time in regard to her health. She said that it was suspected that she may have had cancer, and she was also dealing with a number of other health issues – this had a huge impact on her mental health, and she said she could hardly work around this time. She's told us that because she was self-employed, her earnings were impacted significantly, and she began to fall behind with her payments to several creditors. She asked BetterBorrow to take her circumstances into account and remove the default, and she explained that the default remaining on her credit file could impact her employment.

BetterBorrow responded. They said they were sorry to hear about the health issues Mrs E was experiencing, but that they had tried to contact her on a number of occasions and couldn't reach her. They agreed they'd failed to call her back on one occasion following a request to do so by live chat, but they said by this point the account had already defaulted. They said that they had an obligation to report factually accurate information about the account's payment history to the credit reference agencies. And, given that Mrs E had not paid the amount required by the date set within the default notice; and no prior contact had been made to discuss her circumstances, they felt they were right to register the default against her. Unhappy with this, Mrs E brought her complaint to our service.

An investigator considered Mrs E's complaint but didn't recommend it be upheld. She said that while she was sorry to hear about Mrs E's personal circumstances, the terms of Mrs E's account made clear the consequences of failing to meet her repayments. And the default

notice that was subsequently issued, also made clear what needed to be paid and by when, but again, the amount due was not paid by the date required. She also noted that BetterBorrow hadn't been made aware of the difficulties Mrs E was experiencing in the lead up to the default being issued. So, she didn't think it was unfair of them to register a default in the circumstances. But Mrs E remained unhappy, so the case been passed to me, an ombudsman, 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.

It's not in dispute that Mrs E's account was not maintained in accordance with terms set out within her agreement. Both parties accept that there were difficulties in maintaining repayments and that following which, the account ultimately defaulted.

When considering complaints where customers have struggled to maintain their repayments, we would look to see whether the business has treated their customers positively and sympathetically. This might include things such as freezing a customer's interest, or agreeing a temporary reduced repayment plan for instance.

But at the same time as expecting a business to treat its customers fairly, there is also an obligation on customers to maintain some kind of dialogue with the business, to make them aware of any difficulties they may be facing. This is to enable the business to adequately assess their customer's circumstances, in order to establish what might be the most appropriate course of action to support them through any period of potential hardship.

In this case, from the evidence provided, I can't see that at any point Mrs E reached out to BetterBorrow to explain the difficulties she was facing. And BetterBorrow have provided a summary of call attempts they made to Mrs E showing they attempted to contact her on around 21 occasions between April and July 2023 prior to issuing the default notice; leaving a voicemail message on many of these calls, but receiving no response. They also called her a number of times after the default notice was sent, prior to the default being registered, but was again unable to reach her. So, I'm satisfied that sufficient attempts were made by BetterBorrow to engage with Mrs E before the account ultimately defaulted.

In addition to the numerous calls, it also doesn't appear that Mrs E responded to any of the written correspondence sent to her, offering her support. And when BetterBorrow sent Mrs E a notice of default, explaining the consequences of not paying the full arrears by a particular date, while Mrs E made a partial payment the following day, there's no evidence to suggest that she contacted BetterBorrow to explain the difficulties she was experiencing, or why she may be unable to pay the full sums due by the date required.

I appreciate this must have been a very difficult time for Mrs E, and I haven't taken lightly what she's told this service about her personal circumstances. But at the same time, I need to be fair to both parties; and I can't hold BetterBorrow responsible for not acting more sympathetically towards Mrs E's circumstances, if they weren't aware of them. I've also taken into account that BetterBorrow have an obligation to report up to date, accurate information to credit reference agencies in respect of customer's accounts.

So, while I appreciate this will come as a disappointment to Mrs E, and I'm sorry to hear of the circumstances she's experienced, given the above, I'm not persuaded BetterBorrow were wrong to report to the credit reference agencies that Mrs E's account had defaulted when they did, and therefore, I won't be instructing them to request the default be removed.

My final decision

My final decision is that I do not uphold Mrs E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 22 March 2024.

Brad McIlquham
Ombudsman