

## **The complaint**

Miss M complains that U K Insurance Limited (“UKI”) registered a default on her credit file.

## **What happened**

Miss M had a car insurance policy with UKI. She had a credit agreement with it that required her to make monthly payments for the policy. In September 2019 she missed a payment. UKI wrote to her to advise of the money owed.

In October 2019 UKI informed Miss M it would be cancelling her policy and referring the outstanding money owed to an external debt collection agency. Miss M settled the account in March 2020 with the agency.

In June 2020 Miss M made a complaint to UKI after discovering it had registered adverse information on her credit file. She said she had not been warned that a default would be registered, and she would have settled the balance earlier to avoid this if she had known.

UKI didn’t uphold her complaint. It said it had sent her a number of letters asking her to make payment. And the information that had been registered on her credit file was correct, so it wouldn’t be able to amend it.

Miss M didn’t think this was fair, she said she had been told when she made the complaint that if she had paid the amount off before February then she could have avoided a default, and had she been told this earlier she would have paid before then. She brought her complaint to this service.

Our investigator considered all the issues but didn’t recommend the complaint be upheld. He said that the information recorded on Miss M’s credit file was a true reflection of the account so UKI had acted fairly by recording it as such.

Miss M didn’t think this was fair and asked for her complaint to be reviewed by an ombudsman.

## **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.

Miss M is unhappy that UKI has registered adverse information on her credit file, including a default. She says she wasn’t given enough information in order to enable her to avoid the default.

When reaching my decision I have considered whether the information that UKI reported to these agencies was accurate and a true reflection of how Miss M managed the account. I have also considered whether UKI took steps to make Miss M aware of her obligation to pay and the potential consequences of missing payments.

UKI has shown that Miss M's payment in September 2019 was unsuccessful. It wrote to her to advise her of this and that it would try to take the payment again. It said failure to do so may result in the cancellation of her policy with it.

In September and October no further payments were received and subsequent attempts failed. UKI wrote to Miss M again to advise her that the policy would be cancelled. At the end of October the policy was cancelled. UKI sent two further letters asking for payment of the outstanding amount. When this wasn't received the debt was passed to a debt collection agency at the end of November. The agency informed UKI that the debt was settled in March 2020.

Miss M has said that if she had known that a default would have been registered on her credit file she would have paid earlier. As part of this complaint I am only examining the actions of UKI. And not those of the external debt collection agency. So I can't comment on the information provided by them. However from looking at the letters UKI sent Miss M I am satisfied that it gave her clear information about the money owed. And the opportunity to pay in order to avoid the debt being passed to any external agency.

Further its letter sent in October 2019 stated as follows:

*'We would like to remind you that missing payments could have consequences for your finances. It will make obtaining credit more difficult in the future as we will report non-payment to credit reference agency'*

So I think UKI made it clear that non-payment would have consequences for her credit file. So I think UKI provided Miss M with enough notice of what would happen if the payments were not made. And gave her sufficient opportunity to pay, before passing the debt on. So I don't think it treated her unfairly or unreasonably in that respect.

I have also considered whether the information UKI has reported to the credit agencies is an accurate reflection. UKI has shown that no payments were received from September 2019. In October that year it reported the missed payments to the credit agencies. Once the debt was handed to an external debt collection agency it relied on updates from them. The agency informed UKI that the debt was still outstanding until it was settled at the end of March. At the beginning of March UKI was informed that the debt had defaulted. UKI informed the credit agencies of these updates, and that the default was settled.

From what I've seen the information UKI has reported to the credit agencies is a correct reflection of Miss M's payments and account activity. This includes registering a default following continual non payment. Although I sympathise with Miss M's situation, and understand the distress the default has caused, as the information on her credit file is correct, I won't ask UKI to do anything further.

As I said previously, I have only examined the actions of UKI as part of this complaint. Should Miss M have any concerns about information provided by the external debt collection agency from when the debt was handed to them at the end of November 2019 until it was settled in March 2020 then this should be raised directly with them.

### **My final decision**

For the reasons I have given, I won't require U K Insurance Limited to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 23 October 2020.

Sophie Goodyear  
**Ombudsman**