

## **The complaint**

Mr F complains that Madison CF UK Limited trading as 118 118 Money allowed him to use a credit card which should have been closed.

## **What happened**

Mr F held a credit card account with 118 118 Money. In 2020 the account fell into arrears. On 11 December 2020 118 118 Money issued a Notice of Default requiring Mr F to bring the account up to date by 1 January 2021. 118 118 Money also notified Mr F that it had suspended his use of the card.

The account wasn't brought up to date and a Notice of Termination was issued on 11 January 2021. A default was registered with the credit reference agencies.

Mr F paid the balance in full on 19 March 2021. At this point, the account should've been closed in accordance with the Notice of Termination.

Mr F contacted 118 118 Money via live chat on 3 May 2021 to query why the card was blocked. The agent removed the block and Mr F continued to use the card.

Mr F subsequently discovered that there was a default recorded on his credit file and complained to 118 118 Money.

118 118 Money partially upheld the complaint. It said that when Mr F had contacted them via live chat on 3 May 2021 the agent had made an error when they informed Mr F about the status of his card. 118 118 Money advised Mr F that his account had been terminated and defaulted and therefore the block should not have been removed. 118 118 Money said it wouldn't remove the default because it had been correctly applied. It acknowledged that there had been an error in the advice given to Mr F and offered £100 compensation.

Mr F remained unhappy and brought his complaint to this service.

Following the referral of the complaint to this service, 118 118 Money made an offer to settle the complaint. It offered to remove any fees and charges applied to the account from the time that the account was reinstated in May 2021. It said that if that resulted in a credit balance it would refund this to Mr F together with 8% interest. 118 118 said that this was in addition to the £100 compensation already offered.

Our investigator thought the offer was fair and reasonable to resolve the complaint.

Mr F didn't agree so I've been asked to review the 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 reviewed the account. I can see that the account fell into arrears in 2020 and a Notice of

Default was sent to Mr F in December 2020. Mr F failed to bring the account up to date within the timescale set out in the Notice of Default and the account was terminated in January 2021. At this time the account had an outstanding balance which hadn't been paid so a default was registered with the credit reference agencies.

Based on what I've seen, I'm unable to say that 118 118 Money made an error or treated Mr F unfairly when it terminated the account. I don't think there are any grounds to ask 118 118 Money to remove the default.

Mr F would've received the Notice of Default and Notice of Termination as I can see that both letters were sent to Mr F at the address held on file by 118 118 Money. So, I think Mr F would've been aware that the account had been terminated in January 2021.

It isn't clear why, after he had been advised that the account had been terminated, Mr F tried to use the card again. The card had been suspended (or "blocked") as part of the termination process. But in any event, 118 118 Money has acknowledged that it made an error when it unblocked the card and allowed Mr F to use the card again. 118 118 Money has explained that the block was mistakenly reversed by an agent who hadn't realised that the account had been terminated and defaulted.

Mr F has said that he thinks it was wrong for 118 118 Money to unblock his card and then block it again, particularly as he had paid off the balance. I understand that this will have caused Mr F frustration and inconvenience. And there's no dispute that Mr F did pay off the balance on the account in March 2021. However, as I've said above, Mr F didn't bring the account back up to date within the time specified in the Notice of Default. So even though he brought the account up to date later, this doesn't mean that the account shouldn't have been terminated and defaulted in January 2021.

Based on everything I've seen, I think the offer made by 118 118 Money to resolve the complaint is a fair one. I think the amount of compensation offered is enough to reflect the distress and inconvenience caused to Mr F by the error which led to the unblocking of the account. And I think the offer to refund fees and charges is fair in circumstances where the account shouldn't have been allowed to be used from May 2021 onwards.

### **Putting things right**

To put things right, Madison CF UK Limited trading as 118 118 Money must refund all fees and charges made to the account since May 2021. If this results in a positive balance, 118 118 Money must refund this to Mr F together with 8% interest from the date the payments were made until the date of settlement. 118 118 Money must also pay £100 compensation.

### **My final decision**

My final decision is that I partially uphold the complaint. Madison CF UK Limited trading as 118 118 Money must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 26 August 2024.

Emma Davy  
**Ombudsman**