

The complaint

Mr P complains that Hastings Insurance Service Limited (“Hastings”) registered a default on his credit file when he missed an instalment payment on his car insurance policy. He says he never received a default notice and feels that it was unfair of Hastings to register a default for one missed payment.

What happened

Mr P took out a car insurance policy with Hastings and agreed to pay the premium by monthly instalments by direct debit.

On 20 September 2023 Mr P’s direct debit failed. Hastings sent a text and email to Mr P on 21 September 2023 to advise him that the payment hadn’t gone through. Hastings tried to take the payment again on 18 September 2023, but it didn’t go through that time either. Hastings sent a letter, text and email to Mr P on 29 September 2023 and advised him that his policy would be cancelled if he didn’t make the payment by 9 October 2023.

Mr P didn’t make payment. On 10 October 2023 Hastings sent him a letter advising him that his car insurance policy had been cancelled and that there was an outstanding debt of £172.74 to pay. On 30 October 2023 Hastings wrote to Mr P again and requested payment of the debt. No payment was received and on 20 November 2023 Hastings wrote to Mr P and advised him that the debt had been passed to a debt collection agency.

Mr P later discovered that a default had been registered on his credit file. In March 2024 he complained to Hastings and said he’d been out of the country and hadn’t received any of the letters or texts. Mr P said he’d now paid the debt and asked for the default to be removed.

Hastings didn’t uphold the complaint. In its final response dated 20 March 2024 it said that although Mr P may have been out of the country and may not have received the letters or had access to his mobile phone, this wasn’t something he’d made Hastings aware of and it had cancelled the policy correctly under the terms and conditions for non-payment. Hastings said it had sent all its communications by email as well as letter and text and that it believed it had made adequate attempts to contact him. It said it couldn’t remove the default but now that Mr P had paid, the account should report as settled with the credit reference agencies.

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

Our investigator upheld the complaint. He said he couldn’t see that a notice of default had been sent and that as such, Hastings shouldn’t be reporting a default to the credit reference agencies, and this should be removed.

Hastings didn’t agree. It said it had sent communications to Mr P advising him that his insurance would be cancelled, and it didn’t believe it had made any errors. Hastings said it had defaulted the account correctly and that a default reported on the credit report wasn’t the same as a default notice issued under the Consumer Credit Act 1974.

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 all of the available communications that Hastings sent to Mr P about the failed direct debit, the cancellation of his policy and the outstanding debt. Many of these communications were sent by letter, email and text.

Mr P has said that he didn't receive any of these because he'd moved out of his address and gone abroad.

I can't see that Mr P made Hastings aware that he was moving or going abroad. It's Mr P's obligation to keep Hastings advised of any changes to his address. So I can't say that Hastings did anything wrong by sending the letters to Mr P at the address it held for him. It isn't clear why Mr P didn't receive the emails and texts – there is some suggestion that his phone wasn't working whilst he was abroad. Again, this isn't something I can fairly hold Hastings responsible for.

Taking all the available information into account, I'm satisfied that Hastings sent a reasonable number of letters, texts and emails to Mr P before the agreement was cancelled.

However, Mr P's complaint is about the default which has been registered on his credit file. He doesn't think it was fair of Hastings to register a default after a single missed payment. He also says he never received a default notice.

Hastings has provided conflicting information to this service about the default. Initially it said that it couldn't remove the default because it hadn't made an error. When this service asked Hastings to provide a copy of the Notice of Default that was sent to Mr P, it said it didn't have this and that the debt collection agency would have sent this. Hastings subsequently said that a default on the credit report wasn't the same as a Default Notice issued under the Consumer Credit Act 1974. And more recently, Hastings has said that it hadn't registered a default on Mr P's credit file and that any entry which appeared referred to a missed payment. Hastings concluded that it hadn't made an error.

The information from Hastings about the default is confusing to say the least. Nevertheless I disagree with Hastings analysis that it hasn't made an error, and I'll explain why.

Mr P has provided this service with a screenshot of his credit file, and I can see that there is a default reported by Hastings. I haven't seen anything in the information provided by Hastings to show that a Notice of Default was sent to Mr P. The agreement in this case is regulated by the Consumer Credit Act 1974. In order to comply with the legislation, Hastings needed to send a Notice of Default in the prescribed form. I'm not satisfied that it has done so. In the circumstances, the default registered on Mr P's credit file should be removed.

I'm therefore upholding this complaint because Hastings haven't complied with the relevant formalities before registering a default.

Putting things right

To put things right Hastings Insurance Services Limited must :

Remove the default relating to this agreement from Mr P's credit file and instead report one late payment.

Report the agreement as settled in March 2024.

My final decision

My final decision is that I uphold the complaint. Hastings Insurance Services Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 December 2024.

Emma Davy
Ombudsman