

## **The complaint**

Mr S complains that Lendable Ltd defaulted his account even though he resumed monthly payments after he received a default notice.

## **What happened**

Mr S has a loan account with Lendable. The loan was taken out on 6 March 2023 in the sum of £6,315.00 for a term of 24 months with monthly repayments of £319.30.

The loan fell into arrears and a default notice was issued on 30 July 2024. The default notice advised that a payment of £1,689.37 was due by 18 August 2024, and that if this payment wasn't received, the agreement would be terminated.

On 1 August 2024 Mr S contacted Lendable and said he couldn't afford to pay the full arrears balance of £1,689.37 but that he would be resuming his contractual monthly payments as usual going forwards.

The account was subsequently defaulted.

On 3 September 2024 Mr S contacted Lendable to ask why the account had defaulted. He said he hadn't received a default notice and hadn't been told that the loan would still be liable to default even if he resumed his monthly payments. A complaint was raised.

Lendable didn't uphold the complaint. In its final response, Lendable said that the notice of default made it clear that payment of the arrears was required by 18 August 2024 and that failure to do so would result in the agreement being terminated. Lendable said that Mr S had acknowledged the default notice when he contacted them on 1 August 2024. It said it was satisfied that Mr S had received sufficient notice of the arrears on the account and the potential for the loan to default if the arrears weren't cleared by the required date.

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

Our investigator didn't uphold the complaint. He said that prior to defaulting the account, Lendable had sent several notices of sums in arrears to Mr S advising him that the account would be defaulted if it reached six months in arrears. The investigator said that after the default notice was issued, Mr S failed to repay the arrears by the date specified in the default notice. The investigator said the account had been correctly defaulted and reported to the credit reference agencies.

Mr S didn't agree. He said he hadn't repaid the arrears because Lendable had told him he could continue to pay the monthly payment. Mr S said he thought it was ok to do this, otherwise he would have tried to raise funds to repay the arrears or negotiate an arrangement with Lendable. Mr S said he didn't make his monthly payment on time in August because he had to pay another direct debit, but said he paid two payments to Lendable in September to make up for this. Mr S said he wanted the opportunity to repay the arrears and avoid the default, because it wasn't fair that the loan would be repaid soon but the default would remain on his credit file for 6 years.

Because Mr S didn't agree, 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 know it will disappoint Mr S, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the account. I can see that Lendable had sent several Notices of Sums in Arrears to Mr S, including in November 2023, February 2024, May 2024 and August 2024. The Notices of Sums in Arrears outlined the arrears due at the time of the previous notice, and the current arrears. The emails from Lendable which accompanied the Notices stated that it was their intention to default the account if the arrears were in excess of 6 monthly payments.

I can see that Mr S emailed Lendable on 23 February 2024 to acknowledge the arrears on the account. At this time Mr S said he would make extra payments to clear the arrears. Lendable offered payment support to Mr S but he said he could manage to pay the contractual payment. The contractual payment was missed in May and July 2024.

I can see that Mr S emailed Lendable on 1 August 2024 and acknowledged receipt of the Notice of Default. Mr S told Lendable that he wasn't able to clear the arrears, but said he would resume his contractual monthly payments.

By this time the arrears were in excess of 6 months and Lendable defaulted the account.

I've thought about whether Lendable acted fairly when it defaulted the account. Based on what I've seen, I think they did. I say this because the Notice of Sums in Arrears previously sent to Mr S made it clear that the account would be defaulted if the arrears reached in excess of six months. The Default Notice clearly set out the date by which Mr S was required to clear the arrears, but he didn't clear them by this date.

Mr S has said that he didn't receive the Default Notice. However, on the balance of probabilities, I'm satisfied that he did receive it, because he referred to it when he contacted Lendable on 1 August 2024.

Mr S has also said that he thought he could continue to pay the monthly payment without having to pay the arrears. I've reviewed all of the communications that Mr S had with Lendable, but I haven't found anything to suggest that Lendable told Mr S that he didn't have to pay the arrears.

I've also had regard to the Information Commissioners Office guidelines, which say that a lender should default an account where there are arrears of 3 to 6 months. In Mr S's case, the arrears had reached 6 months.

Based on what I've seen, I don't think Lendable made an error or treated Mr S unfairly when it defaulted the account.

I appreciate that Mr S doesn't think its fair that the default is recorded on his credit file. I

haven't found any evidence that Lendable made an error when it defaulted the account, so I can't require them to remove it. Lendable – like all lenders – are under an obligation to report accurate information to the credit reference agencies. In this case, I'm satisfied that Lendable has correctly reported the state of the account.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 March 2025.

Emma Davy  
**Ombudsman**