

The complaint

Mr C complains that Shawbrook Bank Limited unfairly recorded a default on his credit file.

What happened

Mr C holds a personal loan account with Shawbrook.

In March 2024 Mr C contacted Shawbrook and advised that he was experiencing financial difficulties due to his wife losing her job. Mr C acknowledged that there were arrears on the account but said he would clear these by the end of March. Shawbrook placed a temporary hold on the account until 3 April 2024 to enable Mr C to clear the arrears.

Mr C failed to make the payments. He acknowledges that it was his responsibility to make the payments but says that he forgot about the repayment dates due to managing multiple debts for himself and his wife, and due to a lack of communication from Shawbrook regarding the repayment schedule.

Shawbrook issued a Notice of Default on 20 June 2024 and – having received no response from Mr C – defaulted the account on 20 July 2024.

Mr C complained to Shawbrook. He said he hadn't received any correspondence from Shawbrook regarding the arrears or Notice of Default and said he didn't think they had made reasonable attempts to contact him prior to the account defaulting.

Shawbrook didn't uphold the complaint. In its final response it said it had sent correspondence to Mr C to his registered postal address and had tried to contact him via telephone throughout May, June and July 2024. Shawbrook said it was required to report accurate data to the credit reference agencies regarding the status of the account and said the default had been correctly reported.

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

Our investigator didn't uphold the complaint. He said that he was satisfied that Shawbrook had made reasonable attempts to contact Mr C by telephone and that it had sent the Notice of Default to Mr C and that the bank hadn't made an error or acted unfairly by defaulting the account.

Mr C didn't agree. He said he hadn't received the Notice of Default and asked this service to review the evidence regarding it being sent to and received by him. Mr C said he'd previously written to Shawbrook requesting that all communications with him were via email or recorded delivery. Mr C also said that the number from which Shawbrook had called him was flagged online as a spam number and no voicemails had been left.

Because Mr C 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 C 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 history of the account. I can see that Mr C failed to make his contractual monthly payments in April, May and June 2024. I can also see that Shawbrook attempted to contact Mr C by telephone throughout this period to discuss the arrears on the account. Shawbrook issued a Notice of Default on 20 June 2024 and the account was defaulted on 20 July 2024.

The Information Commissioners Office guidance states that a lender can default an account where there are three to six months' worth of arrears. In this case, I'm satisfied that there were three months of arrears on Mr C's account at the time the Notice of Default was issued. I'm therefore unable to say that Shawbrook made an error or treated Mr C unfairly when it issued the Notice of Default.

Mr C has said that he didn't receive the Notice of Default, and that he'd previously written to Shawbrook to request that all communications were sent to him by email or by recorded delivery.

I've reviewed the Notice of Default. This is correctly addressed to Mr C at his registered address and the evidence provided by Shawbrook shows that it was posted to him on 20 June 2024. Based on what I've seen I'm satisfied that the Notice of Default was sent to Mr C. I can't be certain of why Mr C didn't receive the Notice of Default, however, I can't hold Shawbrook responsible for any failings of the national postal service.

I understand that Mr C would've preferred to receive communications by email. However, statutory notices (such as Notices of Default) are required by the relevant legislation to be sent by post. I'm therefore unable to say that Shawbrook has made an error here.

The Notice of Default gave Mr C until 17 July 2024 to pay the arrears in full. It warned that the account would be defaulted if payment wasn't made. I can't see that Mr C contacted Shawbrook in response to the Notice of Default or generally during this time. Nor did Mr C make any payments to the account. In the circumstances, I'm unable to say that Shawbrook made an error or treated Mr C unfairly by defaulting the account.

I'm aware that Mr C has raised an issue about the telephone communication from Shawbrook. He's said that the number from which Shawbrook called was flagged online as a spam number and that because of this, he didn't answer the calls. I can't hold Shawbrook responsible for incorrect information which Mr C has obtained from a third party. In any event, I can see that Mr C answered a call from Shawbrook on 7 May 2024, during which he made a promise to make a payment the following day.

Even if Mr C didn't want to answer the calls from Shawbrook, I'm satisfied that he was aware that the account was in arrears and that he had missed consecutive contractual monthly payments. I say this because I can see that Shawbrook wrote to Mr C on 28 May 2024 to advise him that his payment plan (agreed during a phone call on 7 May 2024) had failed. In these circumstances, I think its reasonable to expect that Mr C would've made contact with Shawbrook himself, as he had done previously in March 2024.

Finally, Mr C has said that he wrote to Shawbrook requesting that all communications were by email or recorded delivery. I've already explained above why the Notice of Default was required to be sent by post. This service has asked Shawbrook whether it received a request from Mr C to communicate with him via email. But Shawbrook has said it has no record of receiving a request and Mr C hasn't been able to provide a copy of his letter. Without this evidence, I can't be satisfied of what the letter said or of whether it was sent.

Taking all the available information into account, I haven't seen anything to suggest that Shawbrook has made an error or treated Mr C unfairly or unreasonably. I won't be asking it to amend Mr C's credit file or do anything further.

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 C to accept or reject my decision before 21 April 2025.

Emma Davy
Ombudsman