

## **The complaint**

Mr U complains that Madison CF UK Limited trading as 118 118 Money (118) unfairly defaulted his account.

## **What happened**

Mr U entered into a loan agreement with 118 in November 2023. After falling into arrears and agreeing a reduced repayment plan, 118 defaulted his account in 2024. Mr U says he didn't receive notice of 118's intention to default his account.

Our investigator didn't uphold Mr U's complaint. He thought that Mr U should have been aware of the consequences of falling into arrears on his account. Our investigator had seen evidence that 118 sent Mr U a notice of default on 5 September 2024. As he didn't repay the arrears by the end of the month, our investigator didn't think 118 was wrong to default the loan. Our investigator didn't think 118 was obliged to notify Mr U when it sold his loan account to a third party.

Mr U said that he first heard about the default when he received an alert from a credit reference agency. And that when he agreed a reduced payment plan with 118, it didn't clearly explain the impact the arrears would have on him.

Our investigator issued a second view in which he thought that, based on 118's system notes, it was likely that it sent Mr U a notice of default. Our investigator also thought that when 118 confirmed the repayment plan, it told Mr U that falling into arrears would have an impact on his credit score. As Mr U didn't make his contractual payments for three months, our investigator didn't think 118 was wrong to default his account.

Mr U disagrees with the investigation outcome as he was unaware of the default and therefore had no way of preventing it.

## **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 realise that I have summarised this complaint in less detail than the parties and that I have done so in my own words. The rules which govern us, together with the informal nature of our service allow me to take this approach. But this doesn't mean I have not read and considered everything the parties have given to us.

I am sorry to disappoint Mr U but I agree with our investigator that 118 doesn't need to act in response to his complaint and will explain why.

Having read 118's loan servicing notes; in June 2024, it agreed to accept three monthly payments of £1 as Mr U was experiencing financial difficulties. 118 sent Mr U an email in which it confirmed the payment plan. The email explained that if Mr U fell into arrears – which he did when he paid less than the contractual monthly payment – it would have an

impact on his credit score. So, I think 118 made Mr U aware that there would be a knock on effect by paying less. Mr U has also supplied a screenshot which shows that 118 sent him a notice of sums in arrears. Again, this makes me think he was aware of the arrears on his account.

I appreciate that Mr U doesn't recall receiving the notice of default. In cases like this where the evidence is contradictory, I reach my decision based on the balance of probabilities. That is - I consider what is more likely to have happened based on the evidence we hold. Having done this, I find it more likely than not that 118 sent Mr U the notice of default by post. I say this because it has supplied us with the communication history for Mr U's account, together with a copy of the notice. The communication history shows that 118 sent the notice on 5 September 2024 to the same address we hold for Mr U. I can't blame 118 for any failure in the postal service and it was not obliged to send the notice by recorded delivery or email. As Mr U didn't bring the arrears up to date by the end of September 2024, I don't consider 118 was wrong to report the default.

I note Mr U's point that if he had seen the letter, he could have done something to avoid the default. But I have listened to the call which he had with 118 in mid-September 2024. Mr U wanted to continue making nominal payments for a few months as he was due to start a new job later in mid-October 2024. So, it seems to me that even if Mr U had recalled seeing the notice, he wasn't in a position to avoid the default by clearing the arrears and returning to the full monthly contractual payment by the deadline set.

As I don't find 118 made a mistake when it defaulted Mr U's account, I can't require it to amend his credit file. I appreciate that this will come as a disappointment to Mr U.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 15 May 2025.

Gemma Bowen  
**Ombudsman**