

The complaint

Ms A complains BISL Limited trading as Dial Direct ("BISL") recorded a default on her credit file unfairly.

What happened

The details of this complaint are well-known by both parties, so I won't repeat them here. Instead, I will focus on the reasons for my decision.

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.

Ms A took out home insurance through BISL in 2019. It was responsible for the sale and administration of the policy. The policy renewed in the following years, with Ms A paying the premium in full at the start of each term. In mid-2022 it automatically renewed. Ms A says she didn't intend to renew the policy in 2022. I'm satisfied it was reasonable for BISL to renew the policy because that's what it said it would do and Ms A didn't ask it not to.

BISL was unable to take payment. It attempted to contact Ms A but didn't hear back, so it cancelled the policy. I find this was fair as I wouldn't expect BISL to keep Ms A on cover if payment hadn't been made. The cancellation - in line with the policy terms - resulted in Ms A owing money for time on cover (about £35) and some fees (£20 failed payment fee and £35 cancellation fee). BISL attempted to contact Ms A but didn't initially hear back.

In late 2022 BISL's records show Ms A made contact to say she hadn't wanted the policy to renew. She asked it to waive the money owed. BISL declined to do this but said it would consider reducing the amount if she could show she'd been dual insured. Given my findings above, I find that was fair. BISL didn't hear back from Ms A and in early 2023 it sold the debt to a company I'll call "J". As it was a legitimate debt, I find that was reasonable.

In mid-2023 Ms A found the debt had been reported as an account in default to the credit reference agencies. Ms A complains this was wrong because she didn't have a credit agreement with BISL, and she wasn't sent the relevant notices. I accept Ms A didn't have a credit agreement with BISL and that the relevant default notices weren't sent. I also can't see that the policy terms allowed BISL to register a default.

I don't find, however, that BISL has acted unfairly here. I say this because based on the evidence available to me from BISL and J, BISL didn't report the debt as an account in default to the credit reference agencies. This appears to have happened after BISL sold the debt to J. It follows I can't fairly and reasonably require BISL to compensate Ms A for the impact the default may have had on her credit file/finances.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 8 May 2025.

James Langford
Ombudsman