DRN-5553965

The complaint

Mr D complains ACI-UK Limited said they didn't know he had a Debt Management Plan (DMP) set up. And despite receiving the agreed payments from the DMP sent a default notice threatening to apply a default on the account.

What happened

Mr D originally had a loan with a company I'll refer to as S for £1,000 plus interest to be repaid over 12 months at £92.99 per month. The information I have shows he unfortunately fell into arrears. S sold the account to a debt purchaser, and they asked ACI to service the account. I understand Mr D was told about this in the Notice of Assignment (NOA) emailed to him on 17 January 2024.

Mr D says he told ACI he was in a DMP, but then they sent him a Notice of Default which he didn't think was right. In addition, Mr D also says ACI amended the outstanding balance owing on his account twice with his DMP provider – despite ACI telling him they didn't know he was in a DMP.

ACI said Mr D was making less than the contractual payment he agreed to make when he took out the loan originally. ACI confirmed they'd received payments from his DMP provider, but these were less than the contractual payment. So, they felt they'd acted fairly when sending the Notice of Default letter to him.

Unhappy with this Mr D asked us to look into things, saying sorting this out had required a lot of effort on his part which he struggled with – as that was the point of entering the DMP so he didn't have to deal with his creditors.

One of our Investigators considered things, and overall found ACI hadn't done anything wrong so didn't uphold the complaint.

Mr D didn't accept this and asked an Ombudsman to consider it – so his complaint's been passed to me to decide.

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 think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

In thinking about this complaint, I think the key issue to firstly decide is whether ACI have acted fairly in sending the Notice of Default.

I say that because, if they have acted fairly despite Mr D's existing arrangements, then in effect the impact of ACI saying they didn't know about the DMP falls away in my opinion.

To help me decide this, I've looked at the terms of the account as it was originally taken out. The credit agreement said Mr D had to make repayments of £92.99 per month. The agreement started on 20 June 2022. As the agreement was for a year, it was scheduled to have been paid off by June 2023.

At the time of the loan being sold to the debt purchaser, and ACI being asked to service it, the outstanding balance was £706.80. The loan was taken over in January 2024 – so, at this point, the loan was due to have been repaid six months earlier.

The Information Commissioner's Office (ICO) has some useful guidance on when lenders should consider defaulting someone's account – typically between three and six months from the date they fell behind on the account.

With that in mind, in theory ACI could have issued the Notice of Default immediately – but instead seemingly gave Mr D six months in which to bring the account up to date. I think it's likely I'd have said it was unfair if they'd issued the Notice of Default immediately, as I'd expect ACI to try and work with Mr D first – but I think it's relevant context for Mr D.

ACI have said they didn't hear from Mr D until March 2024 when he told them he was in a DMP with his provider – but then say they didn't hear from him again – which is why they sent the Notice of Default in July. I can't see Mr D has explicitly disputed this – but I assume he hasn't because his DMP provider were contacting ACI with repayments on his behalf. Those repayments started in April, and the repayments to the account were:

- April 2024 - £154.53
- June 2024 - £208.44
- July 2024 - £208.44
- August 2024 - £135.39 which repaid the balance

I should also add that being in a DMP doesn't prevent ACI from following the default process if they want to. That means regardless of whether Mr D was or wasn't in a DMP, they still could have sent the Notice of Default.

I think at the time of the Notice of Default being generated (if not necessarily sent), the likelihood is the payment in July 2024 hadn't been received yet. So, there wouldn't have been a pattern to show what these payments were – particularly given May 2024's payment was missed which is unusual for a DMP.

Taking all of this into account, I don't know if ACI knew Mr D had actually entered into a DMP but based on the above I find they've not treated him unfairly by sending the Notice of Default.

In respect of the balances changing in July this is more difficult. Mr D's DMP provider says ACI updated the balances on their system – ACI say they can't track down any record of this.

Whether ACI did or didn't update the balances – and by virtue knew about the DMP – I don't know. I realise this will be extremely unsatisfactory for Mr D which I completely understand but – as I said above – my role isn't to get answers to every question it's to ensure a fair outcome has been reached. And on this point I don't think it makes a difference to the outcome of this case because I've found ACI didn't do anything wrong in sending the Notice of Default – whether they did or didn't know about the DMP.

My final decision

For the reasons I've explained above I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 September 2025.

Jon Pearce
Ombudsman