

## **The complaint**

Mr J complains OAKBROOK FINANCE LIMITED trading as Likely Loans unfairly defaulted his account. He also disagrees with the amount they say is outstanding on his loan and considers his offer to settle the loan should be reported to credit reference agencies as an early settlement – not a partial settlement.

Mr J has been represented in his complaint brought to our service and in some of his communications with Oakbrook. But as it's his account and complaint, I'll refer to him throughout my decision.

## **What happened**

In May 2019, Mr J took out a loan with Oakbrook. It was for £1,000, interest of £953.60 was front loaded to the balance, and the term of the loan was 60 months.

Mr J experienced financial difficulties and fell into arrears in 2021. However, this complaint concerns the administration of Mr J's account from June 2023 when a repayment plan was agreed and set up.

The repayment plan was set up for six months. Mr J complains his account was unfairly defaulted because Oakbrook failed to remind him when the repayment plan was due to come to an end. He's also unhappy with the balance Oakbrook says is outstanding.

Oakbrook investigated Mr J's complaint and issued their final response. Oakbrook accepted they'd made a mistake when they defaulted Mr J's account in September 2023. But as Mr J didn't contact them to set up a new repayment plan in November 2023, the correct default date should be December 2023. Oakbrook said they were happy to correct this date if Mr J wished but explained this would put him in a worse position as it would remain on his credit file for longer. Mr J remained unhappy, so he brought his complaint to our service.

Our Investigator felt Mr J's complaint should be upheld. While she didn't think Oakbrook had treated Mr J unfairly by defaulting his account, she felt doing so on the wrong date caused him distress and inconvenience. To put things right, she asked Oakbrook to pay Mr J £50. Mr J had also raised concerns about what Oakbrook said they'd report to credit referencing agencies about a reduced settlement offer Oakbrook said they were prepared to accept. But our Investigator didn't think it would be unfair if Oakbrook reported his account as partially satisfied if the full settlement balance wasn't paid.

Oakbrook didn't respond to our Investigator's view, and Mr J disagreed with it. So, this complaint was passed to me for a decision.

I issued my provisional decision on 28 April 2025, and explained I wasn't minded to agree Oakbrook should pay £50 to Mr J to put things right. This was because I felt his account always would have defaulted, and ultimately, Mr J was unhappy with the default itself – not the timing of it.

Both parties had until 12 May 2025 to respond. Oakbrook accepted my findings, but Mr J disagreed with them. He didn't provide any further evidence for me to consider, so my decision remains the same.

### **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.

Having considered everything, I'm upholding Mr J's complaint, but not in the way he hoped. I'll explain my reasoning below.

#### Did Oakbrook treat Mr J unfairly when they defaulted his account?

In mid-June 2023, a debt counselling service contacted Oakbrook to explain the debt management plan Mr J had been in, had been cancelled. Mr J has explained to our service this happened because he was experiencing some troubles with it.

The day after receiving this information, Oakbrook sent a Notice of Default to Mr J by post and email. And just under a week later, a call took place between Oakbrook and Mr J about his account.

It's not disputed Mr J's account was in arrears when he spoke with them in June 2023 to set up a repayment plan.

I've listened to the call between Oakbrook and Mr J when the repayment plan was set up. Regarding what would happen at the end of the plan, the adviser said:

*"Six months means that the plan will end on 30 November. That is the date. It's quite important because we don't want that date to pass and there's not another plan set up because with your account being in this position now, if it ever breaks, ok, and there's no plan put back in place, your account will default there straight away. We don't want that for you."*

And Mr J responded, *"I understand. I understand."*

Oakbrook also sent Mr J a letter confirming the plan had been set up, and it said; *"So that we can carry on helping you to meet your monthly repayments, we'd be grateful if you could contact us 14 days before your final payment in this arrangement is due."*

Given this, I'm satisfied Oakbrook had written to Mr J about the possibility of his account defaulting. I'm also satisfied Mr J was given enough clear information to know how long the plan was in place, when it would come to an end, what he needed to do before it ended, and what would happen if a new plan wasn't put in place before it ended.

There was nothing in the call or letter that suggested or implied Oakbrook would contact Mr J to remind him when his repayment plan was coming to an end. And while that may have been helpful, it isn't something Oakbrook was obligated to do. Ultimately, Mr J was also responsible for the management of his account, and the way he'd previously been communicating with Oakbrook demonstrated this is something he was aware of and did. So, while it's unfortunate he may have forgotten to get back in touch with Oakbrook, I can't agree they're responsible for that.

Where Oakbrook's service fell short is when they defaulted the account in September 2023 – two months before the repayment plan was due to end. They've acknowledged this was a mistake and happened because the temporary arrangement was removed from Mr J's account in error.

While the account was defaulted prematurely, I've not seen enough to persuade me this caused sufficient detriment to Mr J to warrant an award.

It's not disputed that Mr J didn't contact Oakbrook before the repayment plan ended at the end of November 2023. So, this would have always resulted in his account defaulting, and this would have happened in December 2023.

Mr J has argued his account shouldn't have defaulted because Oakbrook continued to take payments in line with the repayment plan. While payments continued, Oakbrook couldn't have stopped them because Mr J was paying by standing order. But, in any event, I am satisfied Oakbrook's June 2023 call with Mr J made it very clear the repayment plan was temporary – and the only way to prevent his account from defaulting, was if Mr J contacted them to set up a new repayment plan before 30 November 2023. And this did not happen.

The September 2023 default date (due to Oakbrook's mistake) means the default will drop off Mr J's credit report sooner. As such, their mistake has resulted in him being in a better position regarding the default reported on his credit file than he would have been in, had they not made a mistake.

Our Investigator suggested Oakbrook should pay Mr J £50 in recognition of the distress and inconvenience their mistake with the default caused. But I don't agree that would be fair in the circumstances. I say this because the evidence suggests Mr J didn't realise his account had defaulted until mid-September 2024, when he complained to Oakbrook about it. And even now he's aware of it, the main crux of his complaint isn't the date his account was defaulted. Instead, he fundamentally disagrees his account should have been defaulted at all given the repayment plan.

Mr J didn't set up a new repayment plan by 30 November 2023. So, I've not seen anything to persuade me his account wouldn't have defaulted in December 2023. Given what Mr J has complained about, he would have always been unhappy with this, and most likely raised a complaint. Complaining does come with inevitable distress and inconvenience, but that isn't something we'd ordinarily make an award for.

Therefore, while Oakbrook did make a mistake, I'm not persuaded their mistake had such a detrimental impact on Mr J that it warrants a financial award.

Oakbrook's final response explained they're happy to amend the default date being reported to credit referencing agencies if Mr J wishes. That means it would be changed to December 2023 and wouldn't drop off his credit file until after December 2029 – in comparison to September 2029 (due to the mistake). This wouldn't put Mr J in a better position, but if he wants his credit file to accurately reflect the management of his account, I can't say it would be unfair for Oakbrook to make that change *if* Mr J asked for it.

#### Has Oakbrook shared misinformation about Mr J's outstanding balance?

Mr J has queried the outstanding balance on his account and feels interest should have been waived given his financial difficulties.

Oakbrook has sent evidence that shows they sent Mr J a statement of his account when this was requested. And having reviewed this document (which dates back to the start of the loan), it shows there was still an outstanding balance of around £600 when his complaint was brought to our service. I've not seen evidence from Mr J that shows he had repaid the total amount he agreed to borrow. So, in the absence of that, I'm not persuaded Oakbrook are treating him unfairly by saying there is an outstanding balance.

Mr J has argued the interest on his loan should have been removed because he'd been in a debt management plan. But when a customer is experiencing financial difficulties, I can't agree that removing interest is always what's expected from a financial business, like Oakbrook.

Oakbrook is obligated to show forbearance when a customer is in financial difficulties/arrears. But the regulations do not say that always equates to interest being waived, rather, it is one of a number of things a business can consider. Ultimately, they're expected to do what's right for the personal circumstances of the customer.

While Mr J's loan attracted interest, the interest was applied at the start of the loan. So, despite Mr J falling into arrears, this hasn't increased the amount of interest he's expected to repay. Therefore, I'm not persuaded Oakbrook treated Mr J unfairly by not waiving the interest from his loan.

Neither party disputes Oakbrook had agreed to previous debt management plans and also the temporary repayment plan in June 2023. This demonstrates they did take steps to show forbearance. As such, I'm not persuaded they treated Mr J unfairly regarding this aspect of his complaint.

#### How should Mr J's offer to settle his loan be reported?

In December 2024, Mr J contacted Oakbrook to discuss settling his account. At that time, Oakbrook say the settlement figure was just over £550, but Mr J offered them £300. Oakbrook confirmed they would be prepared to accept Mr J's offer and explained his account would be reported as partially satisfied. Mr J thinks this is unfair.

Credit files are meant to be an accurate reflection of the way a consumer has managed their accounts. So, if Mr J was to settle his loan account with a payment less than the full settlement figure, then his credit file would need to reflect the same information. Therefore, I can't agree Oakbrook gave him misinformation about this.

If Mr J chooses to settle his account with a reduced settlement offer (that's been agreed with Oakbrook), I don't consider Oakbrook would be treating him unfairly if they report his account as partially satisfied.

For the reasons above, I'm upholding Mr J's complaint, albeit not as he hoped.

### **My final decision**

My final decision is that I'm upholding Mr J's complaint about OAKBROOK FINANCE LIMITED trading as Likely Loans.

To put things right, OAKBROOK FINANCE LIMITED trading as Likely Loans should change the default date being reported to credit referencing agencies to December 2023, if Mr J asks them to amend it to the correct date.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 11 June 2025.

Sarrah Turay  
**Ombudsman**