

The complaint

Miss H complains that Freemans Plc were negligent and dishonest based on information she received during a call in September 2024.

What happened

Miss H says that Freemans issued a default notice in January 2024 which stated her account had arrears of £123.51. However, during the call in September 2024, she says she was told the arrears stood at £168.16 in February 2024 and that a payment of £123.51 would not have been sufficient to prevent the default. Miss H says the initial default notice was, therefore, inaccurate and misleading.

Furthermore, Miss H says, she was told the default was applied due to a “lack of communication”, but she says she attempted to resolve the issue on receipt of the default notice. Miss H adds that, during the September call, it was acknowledged that no additional notification was provided subsequent to the initial default notice in January 2024. She says that this is in breach of the Financial Conduct Authority (FCA) rules.

Miss H adds that Freemans sold her account to a debt collection agency (DCA) without telling her how such action could be avoided. She says she’s suffered significant emotional stress, and the default has adversely affected her financial standing so that she cannot purchase a car on credit which she needs for her job.

Freemans says that during the call in September 2024 Miss H questioned hypothetical payments, but that the account was defaulted and sold due to no payments and no further contact from Miss H at the time. It adds that the sale of the account was referenced in the default notice as a potential consequence of a defaulted account.

Our investigator did not recommend the complaint should be upheld. She was satisfied that the correct processes had been followed in the lead up to the termination and subsequent sale of the account to a DCA. She added that any information that was discussed after the account was defaulted cannot change the ombudsman’s previous decision that Freemans had applied the default correctly.

Miss H responded to say, in summary, that:

1. The default and termination processes were invalid;
2. Freemans failed to provide a copy of the call in September 2024;
3. She was given conflicting information during the call;
4. She wasn’t given fair notice about the termination and sale of the account.

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.

Firstly, I need to clarify that the process leading up to the application of the default has already been considered by another ombudsman so I cannot consider it further here and, therefore, I will not be addressing Miss H's point 1 above with regard to the default process.

Freemans has now provided the call and having listened to it in its entirety, I cannot agree that Miss H was given conflicting information.

In particular, I have focused on the excerpt provided by Miss H herself. In it she says:

"If I paid £123.51 at the time...in February, would my account be defaulted even though I'm in arrears of £168.16".

To which the manager responds:

"There would have been a possibility that your account would have still defaulted..."

I understand why Miss H thinks that this information conflicts with the default notice and that her account would have been defaulted even if she'd paid. However, the default notice states that the £123.51 needed to be paid by 27 January 2024 and so I cannot agree that what the manager said about the payment being received in February contradicts that. Ultimately, as the conversation took place in September 2024, and Miss H did not make any payments after June 2023, I cannot conclude that there was misleading information, nor that this interaction was detrimental to Miss H.

The main theme of the 51-minute call, however, was whether the default had been correctly applied and, as mentioned above, this service has already made a finding on this aspect of Miss H's complaint, so I won't be commenting further.

With regard to the termination process and sale of Miss H's account, I'm satisfied that Freemans was entitled to do so, and I cannot see that it made any errors during the process. Specifically, the default notice says:

*"If we do not hear from you in time...
Your agreement may be passed to a debt collection agency"*

Additionally, Miss H's credit agreement says:

- *"We may suspend or restrict your right to use your account at any time where we consider this appropriate for objectively justifiable reasons (such as fraud, risk of you being unable to meet your repayments or if you are showing signs of financial difficulty on this account or another account you have with us)."*
- *"Missing payments could have severe consequences including our using debt collection agencies"*

- *“Ultimately it may lead to us or a third party debt collector bringing legal action against you to recover the debt.”*

So, I'm satisfied that Freemans did not act unfairly when it terminated and sold Miss H's account when it did.

In summary, I do not find Freemans provided conflicting information in the call, nor do I find it acted unreasonably during the termination and sales process, and so I won't be asking it to do anything further.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 15 August 2025.

Amanda Williams
Ombudsman