

The complaint

Mrs K is unhappy with how Sainsbury's Bank Plc, trading as Sainsbury's Finance (Sainsbury's) engaged with her about her credit card debt.

What happened

I issued my provisional findings to both parties setting out why I did not think Mrs K's complaint should be upheld and invited both parties to provide any further submissions in reply to my provisional decision.

The background to this complaint was set out in my provisional decision together with my provisional findings. The background and my provisional findings are copied below and now form part of this final decision.

Background

Following some missed payments between July and September 2024 Mrs K was invited to contact Sainsbury's. Mrs K called Sainsbury's on 23 September 2024 and breathing space was agreed to allow Mrs K to sort out her finances as she was experiencing some difficulties at the time.

Sainsbury's wrote to Mrs K on 28 October 2024 confirming the breathing space had ended and requested that she get in touch with them again. At the time, the outstanding credit card balance was £10,460.27, with arrears of £816.83.

Mrs K spoke with Sainsbury's on 1 November 2024 and an arrangement was put in place for Mrs K to pay £400 each month for five months, starting on 13 November 2024. Sainsbury's explained to Mrs K that failing to comply with the arrangement could lead to a default being recorded on her credit file.

Mrs K did not make any payment to the account by the 13 November 2024.

On 20 November 2024 Mrs K made two separate payments to the account, one for £100 and a second for £50.

On 21 November 2024 Sainsbury's issued a Notice of Default explaining that the arrears balance of £902.19 should be paid before 19 December 2024 to prevent further action which could include registering a default with the credit reference agencies (CRAs) and passing the account to a debt collection service.

Mrs K made the following payments of £50 on 27 November 2024; £50 on 5 December 2024; £30 on 9 December 2024 and £120 on 12 December 2024 (one day before the next £400 payment would have been due).

Mrs K's account was reported as defaulted on 23 December 2024.

On 3 January 2025 Mrs K made a payment of £50 to the account, after which no further

payments were made.

On 6 January 2025 Mrs K learned her account had been reported as defaulted and she complained to Sainsbury's to say they had treated her unfairly. Sainsbury's considered Mrs K's concerns but did not uphold her complaint. And on 4 April 2025 Sainsbury's issued Mrs K with a letter explaining her account had been handed to a debt collection agency so she should contact them to discuss repayment of the outstanding balance now at £10,182.56.

Our Investigator reviewed Mrs K's concerns but, in the circumstances, did not find that Sainsbury's had acted unfairly by defaulting Mrs K's account when they did.

Mrs K disagreed because she had not received a Notice of Default from Sainsbury's. Mrs K submitted that if she had received the notice she would have acted upon it. Mrs K also queried the reason for instructing a different debt collecting company to the one that had originally handled her debt for Sainsbury's and said that she was unhappy Sainsbury's had not sent her any communications about this.

Provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have first considered whether it was fair for Sainsbury's to report Mrs K's account as defaulted to the CRAs when they did.

The Information Commissioner's Office (ICO) provides guidance to the industry about the reporting of arrears, arrangements and defaults to the CRAs. It is therefore recognised within the industry that an account can be reported as in default usually when the account is three months in arrears, and normally by the time the account is six months in arrears.

While there is an expectation that a default will not be reported while there is an arrangement in place, once the arrangement is broken a firm can then report the account as defaulted.

Sainsbury's let Mrs K know when they spoke to her that if the arrangement was broken and she was four payments behind then that would mean the account would be reported as defaulted.

As set out above, Mrs K did not make the first payment of her arrangement when it was due so the arrangement was broken. And by the time the default was reported, Mrs K was four payments in arrears. Overall, I therefore think Sainsbury's were entitled to report the account as defaulted when they did.

I have considered what Mrs K has said about not receiving a copy of the Notice of Default and while on balance I believe Sainsbury's did send this to Mrs K given it was correctly addressed and Mrs K was receiving other correspondence from Sainsbury's, it may also help Mrs K to know the ICO explains on their website that while there is a requirement under the Consumer Credit Act 1974 to issue a Notice of Default, there is no data protection obligation on a lender to issue such a notice to individuals prior to marking the account as being in default on their credit file.

I'm also mindful Mrs K was told during the call on 1 November 2024 with Sainsbury's that should she not make the payments due under her arrangement when required the account could be reported as defaulted to the CRAs. So I think Mrs K was made aware of how her

account could be reported to the CRAs if she didn't make the agreed payments.

Mrs K submitted Sainsbury's did not treat her fairly in this matter, so I have also reviewed the evidence and submissions exchanged between Mrs K and Sainsbury's, including listening to the call between Mrs K and Sainsbury's on 1 November 2024.

Having done so, while I acknowledge this will disappoint Mrs K, in the circumstances I think Sainsbury's acted fairly in this matter as I'll explain.

I note that when Mrs K first appeared to struggle with missing payments Sainsbury's encouraged her to reach out to them about her account, which she did. During the call on 23 September 2024 Sainsbury's agreed the breathing space for Mrs K that she had requested to sort out her finances and also let her know about formal arrangements. Given what Mrs K told them, I think that was reasonable.

In the call on 1 November 2024 Mrs K was given different options on how she could deal with her debt. Mrs K told Sainsbury's she could manage £400 per month to clear the arrears and bring the account back under control. Sainsbury's offered to carry out an up-to-date income and expenditure analysis with Mrs K to ensure this would be affordable and sustainable for her. But Mrs K declined this as she did not have all the information to hand and, knowing her circumstances, she was confident it was an arrangement she could manage. Sainsbury's told Mrs K that interest and fees would be suspended during the arrangement to allow her to clear the arrears and they highlighted that failure to keep to the arrangement could mean the account would be reported as defaulted where four payments had been missed. Sainsbury's also made Mrs K aware of their support number and signposted her to other organisations that could potentially offer her some help in managing her outstanding debts. Mrs K was also made aware the amount or date of the payment could be changed.

In view of the above I think Sainsbury's offered Mrs K reasonable support to manage her account so I've not seen enough to say Sainsbury's treated Mrs K unfairly in this matter.

I have noted Mrs K's more recent concerns about Sainsbury's lack of transparency in sharing who the debt collectors are for her debt.

I understand Sainsbury's still own Mrs K's debt and it is ultimately their choice to decide who may collect the debt on their behalf. I can see Sainsbury's wrote to Mrs K on 4 April 2025 letting her know who the new debt collectors are but Sainsbury's may not have let her know when the previous debt collectors were no longer acting for them. That said, I don't think this has had any bearing in this matter given Mrs K was engaging directly with Sainsbury's about her debt when the earlier debt collectors were no longer involved, and I've seen nothing to suggest there was anything preventing Mrs K from being able to make payments to the account when she was able to.

I understand this has not been an easy time for Mrs K and my findings here are not to be dismissive of the situation Mrs K and her family have unfortunately found themselves in, nor is to say that Mrs K is failing to recognise her responsibility to repay the debt. I've considered all the submissions to decide what is fair and reasonable in these circumstances, and overall I have not found enough to persuade me Sainsbury's treated Mrs K unfairly or were unreasonable in reporting the default to the CRAs when they did.

Responses to my provisional decision

Sainsbury's replied to my provisional decision to confirm they accepted the provisional findings and had nothing further to add.

Mrs K did not reply to my provisional 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.

As the deadline in my provisional decision has passed and Mrs K did not present any new evidence or submissions for me to consider before that date, and as Sainsbury's accepted my provisional decision I see no reason to depart from my provisional findings above.

Having considered this complaint, I have not found any submissions or evidence to persuade me that Sainsbury's treated Mrs K unfairly in this matter and I think they were entitled to report Mrs K's account as defaulted to the CRAs when they did.

My final decision

For the reasons above, my final decision is that Mrs K's complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 26 June 2025.

Kristina Mathews
Ombudsman