

The complaint

Mr B says Loans 2 Go Limited were unreasonable to report a default to his credit file.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr B complained to Loans 2 Go saying that they didn't give him sufficient information that they intended to default his loan account when they did so in April 2022.

Loans 2 Go didn't think they'd done anything wrong, so Mr B referred his complaint to this service. Our investigator didn't think Loans 2 Go were unreasonable to report arrears to Mr B's credit file, but she did think they were unreasonable to report a default as they hadn't given Mr B adequate notice.

As Loans 2 Go disagreed, Mr B's complaint has been referred to me, an ombudsman, to make a 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.

I agree with our investigator's view of this complaint and for broadly the same reasons. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I must make my decision on the balance of probabilities – that is, based on what I consider to be more likely than not to have happened, in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Loans 2 Go are obliged to report activity on Mr B's account accurately to the Credit Reference Agencies. I don't think they were, therefore, unreasonable to report arrears on the account.

The Information Commissioner's Office (ICO) say that it may be fair to default an account when it's three months in arrears and that it would expect an account to be defaulted by the time it was in six months of arrears. As Mr B's account was more than three months in arrears in April 2022 it may, therefore, have been fair to have defaulted it if there was little prospect Mr B would have been able to sustainably make repayments towards his debt with Loans 2 Go.

However, I don't think it was fair for the business to have defaulted the account here because I don't think they provided clear and timely communication about the failure of the payment arrangement they had agreed with Mr B in December 2021. When Loans 2 Go told Mr B about the £65 per month payment plan, they explained that they would revert to the original terms of the contract if he failed to adhere to the payment plan conditions. I can't see that they told Mr B that the plan had failed and that they would, therefore, be reverting to the original terms that would see them default the account. The payment plan letter explained that Loans 2 Go may still send statements and/or notices to Mr B that were required by law so I can understand he may not have responded to the default notice as he could fairly have assumed it wasn't relevant while the payment plan was in force.

Had Loans 2 Go informed Mr B of the plan failure I think it's likely that he would have contacted them, as he subsequently did that. It seems likely to me that they would then have come to an understanding that the account could be settled when Mr B received his tax refund. I say that because I can see Mr B was subsequently able to use that refund to pay off his debt with Loans 2 Go the month after the default was applied. I don't think a default was an accurate reflection of Mr B's ability to pay and I think the credit file should be amended to give a true, balanced and not misleading picture of Mr B's credit worthiness. The default should be removed but the missed payment markers can remain.

My final decision

For the reasons I've given above, I uphold this complaint and tell Loans 2 Go Limited to remove the default that they applied to Mr B's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 September 2025.

Phillip McMahon
Ombudsman