

## **The complaint**

Mr P complains Oakbrook Loans Limited, trading as Oakbrook Loans (Oakbrook) unfairly reported a default for his fixed-sum loan to the credit reference agencies (CRAs).

## **What happened**

Mr P's loan started in February 2024 and in September 2024 he contacted Oakbrook to let them know he was having some financial difficulties following a family bereavement. An arrangement was put in place to make payments of £1.00 towards the account for three months.

Before those three months expired the arrangement was amended to increase the payment to £14.68, extending the arrangement by one month from the original arrangement so that the arrangement completed in January 2025.

On 10 February 2025 Oakbrook sent Mr P a Notice of Default citing an outstanding balance of £4,344.81 and the need to make a payment of £895.78 by 27 February 2025.

On 14 February 2025 Mr P called Oakbrook about his loan. During the call a further arrangement for two months was discussed but instead at Mr P's request, breathing space was put in place for 45 days – ending 31 March 2025.

On 2 April 2025 Oakbrook reported the loan account as defaulted.

Mr P raised his concerns that Oakbrook had not acted fairly because the breathing space put in place ought to have prevented the default and Oakbrook had given no further notice that the loan account would be reported as defaulted. Mr P also said Oakbrook had not engaged with his offer to accept payments of £200 towards the outstanding balance, so they had not treated him fairly or considered his proposed payment solution. Mr P put to Oakbrook that he would repay the full sum owed if Oakbrook were to remove the default.

Oakbrook said they had given Mr P appropriate notice before reporting the default and it had been explained what was required and what would happen without Mr P's further engagement when the breathing space ended. Oakbrook noted Mr P's offer to pay £200 was made after the default had been applied, and they had not refused any offer of payment from Mr P.

Our Investigator did not uphold Mr P's complaint, as in the circumstances they concluded Oakbrook had acted fairly in reporting the default; that Mr P had been given the opportunity to seek support from debt management companies to take action, and Oakbrook had let Mr P know what would happen if no action was taken by him.

## **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.

While I've only included a summary of what's happened above, I assure both parties I have reviewed all the available evidence and submissions. And that although I may not respond to each individual point either party has raised, this does not mean I have not taken them into account, rather I have focused on those points I consider relevant to reaching a fair and reasonable resolution in this matter.

To decide what is a fair and reasonable resolution for this matter I have taken into account any relevant law and regulations; regulators' rules, guidance and standards; codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

It may also help Mr P to understand my role is not to fine or punish a firm, or to interfere with their systems, processes or controls as these are all considerations for the appropriate regulator.

I was sorry to learn of Mr P's family bereavement which has affected him, so I realise this was not an easy time for him. And I understand this matter is very important to Mr P as it reflects his financial standing to other prospective creditors and organisations so I assure Mr P I have given this matter careful consideration.

The matter here for me to decide is whether, in the circumstances, Oakbrook fairly reported a default for Mr P's loan.

It is recognised in the industry that a creditor can report an account as defaulted when the debtor is three months in arrears and normally by the time the debtor is six months in arrears. And that arrears are recognised as any shortfall in one or more payment due from a customer under an agreement.

At the time of the Notice of Default, Mr P's loan account was more than four months in arrears. During the call with Oakbrook on 14 February 2025 the agent confirmed to Mr P his loan was five months in arrears. So Mr P's loan account had reached the point where it would be reasonable for a default to be reported.

I've considered Mr P's submissions that putting breathing space in place ought to have prevented the default being reported. However, the breathing space ended before the default was reported. And while I'm aware Mr P has said Oakbrook should have given him further notice a default was going to be reported, I'm not aware of any requirement that this was something Oakbrook had to do.

It may also help Mr P to know while there is a requirement under the Consumer Credit Act 1974 to issue a Notice of Default, there is no data protection obligation for a lender to issue a notice to individuals prior to marking the account as being in default on their credit file.

In the circumstances, Oakbrook were entitled to report the account as defaulted when they did. I also think it was fair of them to do so, as I'll explain.

I can see from the submissions Oakbrook did engage with Mr P to set up temporary payment plans as I've described above, and I've not seen anything to suggest Oakbrook were unwilling to engage with Mr P about setting up a further plan.

In the call on 14 February 2025 the agent discussed going through an income and expenditure form with Mr P – which he said he did not have time for, so as an interim solution Oakbrook said they could set up a two-month payment plan for £50 a month based on Mr P telling them he could pay this. However, on learning his account was intended to be defaulted (as the Notice of Default had been issued) Mr P told Oakbrook to cancel the two-

month plan, and the 45-day breathing space was applied instead. Mr P did not see the merit in making payments if the account was to be defaulted anyway.

The agent explained to Mr P he needed to get in touch with them before the end of the breathing space, and that if the breathing space ended with the arrears remaining then the next step would be to report the account as defaulted. Mr P was provided with details of organisations that could help him and Oakbrook said they would engage with Mr P or any debt management company he engaged to act on his behalf. Mr P was also told due to the breathing space Oakbrook would not be contacting him during that time.

As Mr P did not contact Oakbrook, the default was reported.

I recognise that Mr P's circumstances were not easy for him during this period – following the family bereavement it is apparent Mr P's income had reduced and he was struggling with priority bills. I'm aware of Mr P's submissions that his credit file was impacted, affecting a loan application. And I've also noted Mr P wished to clear the balance (likely by borrowing funds elsewhere) if Oakbrook would remove the default from his credit file.

While I am aware of these points Mr P has raised, they are not enough to persuade me that his complaint should be upheld. I don't say this to add to Mr P's troubles and I realise this will come as a disappointment to Mr P, but overall I am not persuaded that Oakbrook have acted unfairly here in the circumstances when they took the step to report the account as defaulted. I think Mr P was made aware of the Notice of Default, he was given the opportunity to engage with Oakbrook about considering a further payment plan prior to the default being reported, and he was made aware of what would happen if no action was taken.

In summary, I think Oakbrook were entitled to report the account as defaulted when they did and, in the circumstances, it was fair of them to do so.

### **My final decision**

For the reasons above, I do not uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 October 2025.

Kristina Mathews  
**Ombudsman**