

The complaint

Miss J is unhappy with how a default was dealt with on a car supplied under a hire purchase agreement with RCI Financial Services Limited (RCI).

When I refer to what Miss J has said and what RCI have said, it should also be taken to include things said on their behalf.

What happened

Miss J entered into a hire purchase agreement with RCI for the supply of a car. The agreement was dated 17 January 2022 for a total price of £10,693.25. Miss J was due to pay 56 payments of £220.44, followed by a final payment of £221.44.

Miss J has had issues with the quality of the car but these have been dealt with under a different complaint. This complaint solely relates to the default on the agreement. Due to Miss J's personal circumstances she struggled to keep up payments and ended up going into default. This ended with her agreement being terminated and she entered into a post termination agreement with RCI with a new payment plan. This was in September 2023. Miss J was concerned to discover that her credit file showed the whole amount of the agreement, around £11,000 had been put into default rather than the smaller amount she owed. As she was not happy she complained to RCI.

RCI did not uphold her complaint. They stated that they had correctly applied their processes and they were under a duty to ensure that Miss J's credit file reflected the true amounts outstanding both in terms of balances and missed payments.

As Miss J was not happy she complained to us.

On 25 June 2025 our investigator issued their opinion of the case. They partially upheld Miss J's complaint. They felt that RCI should have followed the Information Commissioner's guidance and issued the default earlier, between three and six months of being behind. This meant that the default should have been issued in January 2023 not August 2023, meaning that it would be removed from her file roughly six months earlier. They did not uphold her complaint relating to wanting the amount only to reflect in default rather than the whole amount because it was the actual agreement that had been terminated and this was what was reflected on the credit file. They did point out to Miss J that she is able to have a notice of correction applied to her file.

This view was accepted by RCI but not Miss J. She felt that RCI had not acted fairly and the impact of having the whole amount showing was hampering her ability to obtain credit.

As Miss J did not agree this has been passed to me to consider.

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.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Miss J was supplied with a vehicle under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Miss J has outlined her personal circumstances as part of her evidence and I am hugely empathetic to the position she finds herself in. However I can only ask RCI to take action to put it right if I feel that they have done something wrong and acted unfairly.

I think it is accepted by all parties that Miss J was in default. There are a number of communications between RCI and Miss J on the file.

I have seen two letters where they contacted Miss J about her arrears. These were dated 12 December 2022 (arrears £1,102.20) and 12 July 2023 (arrears £2,424.84). Both letters stated that they had tried to contact Miss J and gave her the contact details for the financial solutions department should she be experiencing financial difficulty.

I can see that a default notice was served on 2 August 2023 giving Miss J until 23 August 2023. This notice showed that the arrears were £2,424.84 and the total outstanding balance was £11,023.23. This notice did direct Miss J to the Money Advice Service should she require further support. This was followed up by a termination notice issued on 31 August 2023. I understand from both parties that Miss J has entered into a post termination agreement starting in September 2023 and has maintained this in good order.

As I said earlier I am hugely empathetic to the personal circumstances of Miss J but I need to base my decision on whether the amount outstanding is factually correct and if RCI acted fairly in bringing this to Miss J's attention and offering her support. I know that Miss J has raised a different complaint about the quality of the car, so I can only focus on how they have dealt with the default notice. I can see that both the arrears and total amount outstanding as set out in the notice sent on 2 August 2023 are correct and this is what is recorded on Miss J's credit file. It is the agreement that Miss J has defaulted on, so the total outstanding is the relevant figure for the default not the arrears.

Every communication I have seen from RCI to Miss J has directed her to support, either their financial solutions department or the money advice service. So, I do believe that on the balance of probabilities that RCI have acted reasonably in their dealings with Miss J and how they have registered the default on her file. So I do not uphold this element of her complaint.

I note the investigators view that the default should have been registered in accordance with the Information Commissioners guidance. This view has been accepted by RCI and I believe the investigator was correct in this view. So, I uphold this element of Miss J's complaint. However, this only impacts on the date of the default, not the amount in default – which is the full amount. If they have not already done so RCI should amend Miss J's credit file to reflect the default date being 23 January 2023.

For the reasons stated above I do partially uphold this complaint.

Putting things right

I partially uphold this complaint and direct RCI to amend Miss J's credit file to reflect the default date being 23 January 2023:

My final decision

My decision is that I do partially up this complaint against RCI Financial Services Limited. In order to settle this case, they are directed to follow the redress above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 23 October 2025.

Leon Livermore
Ombudsman