DRN-5779103

## The complaint

Miss M complains that Vodaphone Limited ('VL') unfairly defaulted her.

## What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Miss M took out two fixed sum loan agreements with VL in July 2022 and October 2023 respectively ('the loans'). However, she got into payment difficulties which led to VL issuing a notice of default for each loan on 11 March 2025.

Each notice asked Miss M to pay a certain amount (£120 and £140 respectively) by 27 March 2023 to avoid default. But Miss M did not pay the amounts required by the dates concerned so VL defaulted both accounts.

Miss M says it wasn't fair that VL defaulted her because it passed the debts to a collector before she had an opportunity to pay. She says the notices she received indicated that a debt collector would only get involved if she didn't make payment.

Miss M wants the defaults removed and when VL did not uphold her complaint she escalated it to this service.

Our investigator didn't uphold the case so it was passed to me for a final 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. In the particular case here, concerning the registration of defaults I consider the guidance issued by the Information Commissioner's Office ('ICO') around the registration of information on credit files (including defaults) to be particularly relevant.

*Was VL registering defaults an accurate reflection of each account status?*

The ICO explains that credit files need to be an accurate reflection of account status at the time, and that the recording of a default is reflective of the relationship between the lender and the borrower having broken down. It might occur when the borrower has difficulty repaying a debt over a prolonged period – usually 3-6 months.

In this case there appears to be no dispute that Miss M had difficulties making the minimum contractual repayments to the loans leading to VL agreeing temporary arrangements to make reduced repayments. Therefore, I see no reason to go into the account history in detail.

In summary, I can see via VL's more recent contact system records that the most recent temporary arrangement was agreed at the start of February 2025 following contact from Miss M. This was after Miss M had set up a previous reduced payment arrangement in January 2025 which failed. Miss M explained this was due to personal difficulties. However, it appears that the new arrangement setup in February 2025 also failed.

I can also see from looking at the evidence here that Miss M had prior ongoing difficulties with meeting contractual payment on the accounts over time. For example, the system notes show that leading up to the failed 2025 arrangements Miss M had been missing payments in 2024 due to personal circumstances which she contacted VL about. I can see that there were other payment arrangements organised in 2024 to assist her.

Taking into consideration this account history including numerous missed payments and failed reduced repayment arrangements, on the face of it VL choosing to default the accounts is not unfair or contrary to the ICO guidance. I think it is ultimately a fair and accurate reflection of how the accounts were managed.

*Is there some other reason it wouldn't be fair to reflect the accounts as defaulted?*

I note Miss M's main complaint point is that VL moved things to a collection agent prematurely. And contrary to what it said in its default notices. She says this meant she wasn't able to remedy the default notices. So I have carefully considered if what occurred here is a reason for VL to take further action.

VL is fairly able to move things to an agency to collect a debt. However, I can see VL's default notices do indicate that it isn't going to move things to a debt collector until the default notice expires. But correspondence shows that shortly after Miss M received the default notices (and before the payment deadline) VL did pass things on to a debt collector. I accept this would have caused some confusion for Miss M (I say this also noting that the amounts due in the escalation letters differ to the arrears requested in the default notices).

However, just because VL has made an error does not mean it is necessarily fair for it to remove the defaults.

Firstly, I think it is arguable that despite the confusion Miss M still had a reasonable time to clarify matters with VL and pay the outstanding amounts to avoid default. I say this noting the correspondence she got from VL and the debt agency does not say she has been defaulted yet but that she needs to pay the required amounts to the debt collector to avoid termination.

However, even if it could be argued Miss M wasn't reasonably able to clarify matters before the deadline in the default notices I have to consider if VL's error changed what would have occurred in any event. In this case I don't think it likely did. I will explain why.

Miss M has not provided persuasive evidence to show she was in a position to pay the total amounts requested in each default notice by the deadline of 27 March 2025 and the past history on the account leading up to the default notices being issued would indicate that she wasn't. Furthermore, there is a note showing Miss M contacted VL on 17 March 2025 to request another reduced payment arrangement of £30. This persuasively shows she likely wasn't in a position to pay the amounts in the default notices at the time in any event.

Furthermore, to reinforce this point, in April 2025 Miss M informed VL she was still experiencing financial difficulties with payment and indicated things would be back on track by May 2025 (sometime after the deadline for avoiding default).

So all things considered, even if VL hadn't moved things to the debt collections agency when it did I don't think Miss M would have been able to satisfy the amounts requested in the default notices. And she wouldn't have avoided the defaults in any event. It follows that it wouldn't be fair and reasonable to say that VL's actions in moving things to the agency mean it should fairly remove the defaults here.

In coming to my findings, and after considering VL's communications to Miss M (including the terms and conditions of the loans) I am also satisfied that it reasonably informed her of the consequences on her credit file of missing the minimum repayments required.

I know my decision will likely come as a disappointment to Miss M. I am sorry to hear about the difficulties she has experienced. I remind her that my role is an informal one – and she can consider taking her dispute with VL by more formal routes (such as court) if she wishes to. She may wish to seek relevant professional advice on this.

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 February 2026.

Mark Lancod
**Ombudsman**