

The complaint

Mr L complains that Amplifi Capital (U.K.) Limited trading as Reevo Money ('Reevo') unfairly defaulted his personal loan account during a payment arrangement. Mr L would like the default removing from his credit file.

What happened

Mr L received a default notice for his loan account in December 2024 and arranged to clear his arrears on 15 January 2025. Before he made his first arrears payment, Reevo defaulted his account and passed it to another company. Reevo didn't uphold Mr L's subsequent complaint.

Mr L asked the Financial Ombudsman Service to investigate. Our investigator thought Reevo could have been clearer about the impact of missing January 2025's payment both on the phone and when confirming the payment plan. Our investigator recommended that Reevo remove the default and recall the account back from the other company.

Reevo disagreed with the recommended outcome and sought an ombudsman's decision.

My provisional decision

I recently issued my provisional findings, saying:

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

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having done so I don't intend to uphold Mr L's complaint. I acknowledge this is likely to disappoint Mr L and won't be what he was expecting. I'll explain why I've come to my provisional view, and I'll consider any comments the parties want to make in response before I make any final decision.

Reevo sent Mr L a default notice requiring payment of his arrears of £925.47 by 31 December 2024. As Mr L had indicated he could pay off his arrears, Reevo emailed Mr L on 7 January 2025 requiring him to contact them by 15 January 2025, saying "If by this period we do not have a plan agreed to repay the arrears then your account may be subject to a default."

I've listened very carefully to the call on 15 January 2025 when Mr L set up his payment plan and changed his contractual monthly payment date.

I'm inclined to say Reevo communicated clearly on the phone that Mr L needed to pay both his contractual monthly instalments and his arrears repayments for the arrears to be reduced and to avoid a default.

In the call Reevo made several references to the need to pay January 2025's contractual monthly instalment manually. This was because Mr L was cancelling his direct debit and Reevo were setting up a new direct debit with his preferred payment date from February 2025. Reevo said they'd accept January 2025's payment on either the due date of 22 January 2025 or the new payment date of 24 January 2025.

I'm minded to say Reevo highlighted during the call that failure to pay January 2025's payment would lead to a default. Reevo's agent said, "Your account will develop further arrears if that payment is made late" and "It is important that you make that payment because of the status of your account being XX days overdue. If the plan is not kept this will go to default."

In the call Mr L mentioned his understanding that his plan started in February 2025 but this was corrected by Reevo who confirmed that January's monthly instalment needed to be made. Reevo explained that the monthly instalment and the arrears could be paid separately, and it was agreed that the arrears repayment would start in February 2025.

Mr L was sent confirmation of his repayment plan. This only gave details of how Mr L was clearing his arrears, but I'm not minded to say this was misleading. Mr L was under a contractual obligation to pay his monthly instalment, and had been informed several times he'd need to pay his January 2025 instalment manually given he'd requested a change to his direct debit.

I am minded to say Mr L acknowledged he needed to pay his January 2025 instalment manually. I say this because towards the end of the call on 15 January 2025 Mr L confirmed the exact amount he needed to pay on 24 January 2025. He also confirmed he had the right account details to make the payment, and noted the reference he'd need to use.

As Mr L didn't pay his monthly instalment in January 2025, his arrears increased. This meant he broke his payment arrangement and his account defaulted. Mr L said this was unfair because his first payment under the payment plan was in February 2025 - but for the reasons I've set out, I'm not currently persuaded this was the case.

In these circumstances, whilst I acknowledge it was upsetting for Mr L, I've not found that it was unfair for Reevo to default his account and report this to the credit reference agencies when they did.

I am sorry to be presenting Mr L with an alternative view to our investigator, but having considered the available evidence and submissions I don't intend to uphold his complaint. This means I don't intend to ask Reevo to take any action on this occasion."

Responses to my provisional decision

Reevo didn't respond. Mr L strongly disagreed with my provisional decision.

Mr L said under UK law a new, legally binding payment arrangement to resolve an outstanding breach supersedes the previous agreement between a creditor and debtor. Mr L said this is a core principle of contract law and consumer credit legislation. Mr L said a creditor cannot lawfully default an account for a past breach after a new, active arrangement has been agreed upon to resolve it.

Mr L said his breach was remedied by the creation of the new payment plan and the account defaulted before this new agreement had been breached. Mr L said s87 Consumer Credit Act 1974 ('CCA 1974') mandates that a creditor must serve a valid default notice before they can take enforcement action, such as terminating an agreement and registering a default, and Reevo hadn't served him with a fresh default notice.

Mr L said Reevo were in breach of their regulatory obligations to treat customers in financial difficulty fairly and in good faith. Mr L said he was explicit that his objective was to establish a new plan to replace the old one, and avoid a default due to the professional implications it would have.

Mr L said Reevo did not clearly state that a default would still be issued despite the new plan being in place. Mr L said there was a clear failure in due process and a lack of proper communication on Reevo's part.

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.

Having done so I'm not persuaded to depart from my provisional decision, and I don't uphold Mr L's complaint. I'll explain why.

I don't agree that the payment plan made on 15 January 2025 was a new contract between the parties. I think the original obligations remained in place and the payment plan was a forbearance measure to allow Mr L an extended opportunity to satisfy his default notice. In other words, I think Reevo were willing to suspend the effects of the default notice while Mr L addressed his arrears.

The default notice said it would be satisfied by payment of the full arrears. It didn't state it could be satisfied simply by an agreement being reached. So I don't agree the payment plan extinguished the default notice, or that a new default notice was required before Mr L's account could be defaulted.

It's clear that both parties intended the arrears to reduce to avoid a default. Practically, this must mean maintaining the monthly instalments to avoid further arrears accruing. Mr L was contractually obliged to pay the monthly instalments under the terms of his credit agreement.

I think Reevo were clear with Mr L during the call on 15 January 2025 that he must pay his monthly instalments and make a separate arrears repayment. Reevo's income and expenditure assessment accounted for Mr L's monthly instalment and a separate sum towards his arrears.

I haven't found any evidence to suggest Reevo agreed Mr L could skip January 2025's contractual monthly instalment. I think Reevo were explicit during the call on 15 January 2025 that this was required as a manual payment because it wouldn't be taken by direct debit. Even if Mr L disagrees with me, it's clear he agreed to pay January 2025's contractual monthly instalment on the call. This wasn't paid and I consider this was a breach of the agreement between the parties.

I think this meant there was no longer an active agreement suspending the effect of the default notice. As the default notice hadn't been satisfied, I think Reevo were at liberty to default Mr L's account and take further action such as sell the account to a third party.

I don't agree Reevo acted in bad faith and planned to default the account and report this to the CRAs in any event. I'm satisfied that this happened because January 2025's contractual monthly instalment wasn't paid and the arrears increased.

I think it's helpful to explain that the defaulting of an account under the CCA 1974 and the recording of default status on a credit file are distinct processes, though they confusingly share the same term 'default' and often occur around the same time.

The Information Commissioner's Office ('ICO') makes clear there is no obligation on a lender to serve a default notice under the CCA 1974 to record an account as having default status on a credit file.

That's because the recording of a default on a credit file is an indication that the relationship between lender and customer has broken down. It's generally expected that notice will be given so a customer has a chance to avoid this, though there is no prescribed form.

The ICO would generally expect Reevo to report a default entry on Mr L's credit file when he was between three and six months in arrears, unless there was an arrangement in place that was being kept to. When Mr L's arrears increased in January 2025, I'm of the view that it was fair for Reevo to report a default status to Mr L's account regardless of whether the account had been defaulted under the terms of the CCA 1974.

For the reasons I've given here and in my provisional decision, I am satisfied that Reevo have acted fairly in these circumstances and in line with their obligations. I acknowledge Mr L's anger and disappointment, but I don't uphold Mr L's complaint.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 November 2025.

Clare Burgess-Cade
Ombudsman