

The complaint

Mr I complains that Madison CF UK Limited trading as 118 118 Money (Madison) registered a default against his personal loan and sold his account to a third party.

What happened

In July 2024, Mr I successfully applied for a personal loan with Madison. The loan was for £2,000 to be repaid over 24 monthly payments of £147.22. Each month after the loan began, funds were taken from Mr I's account but were returned by his bank. Mr I would then make the payment later each month. This continued until February 2025 when the payment was returned but wasn't made again.

Mr I made a payment in March 2025, but the payment due in February 2025 remained outstanding. In April 2025 the scheduled payment failed again, and Madison sent Mr I a default notice requiring him to pay the arrears balance of £294.66 by 30 April 2025. Because no payment was received, a default was registered.

In May 2025, Mr I contacted Madison as he'd checked his credit file and had seen the default. He said he didn't receive a default notice, and said it wasn't fair to register a default as he'd only missed one payment. Madison initially told Mr I that he could still avoid the default being registered if he cleared the arrears – but then clarified that this wasn't the case and that the account had already defaulted. Shortly after, the account was closed and sold to a third party.

Mr I made a complaint, and didn't think the default had been applied fairly. He said he wanted to make a payment but his direct debit failed and he couldn't get through to anyone on the phone. He was also unhappy with the number of phone calls he'd received from Madison chasing payment.

Madison didn't agree it had made an error. It said the notice of default was sent in line with its usual process – but was returned. It said that because Mr I hadn't made the required payment before the deadline, the default was correct and would remain on his credit file for six years.

The complaint was referred to this service. Mr I said the default was preventing him from applying for a mortgage – so he needed it to be removed urgently. Our Investigator considered the complaint and upheld it. They agreed with Mr I that the level of contact he received from Madison was excessive, and recommended that it pay him £200 to recognise this. But they didn't think Madison had made an error when registering the default. Madison accepted the Investigator's recommendations. Mr I said he didn't accept the outcome, and he didn't think £200 fairly reflected the level of contact he received. Because the matter couldn't be resolved, it's been passed to me to decide.

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'd like to assure both parties that I've read and considered all of the information they've provided. Where information is incomplete or contradictory, I've decided things on the balance of probabilities – what I think is more likely than not to have happened taking the available evidence into account.

I can understand why Mr I was unhappy to discover that a default had been registered. From his perspective, he was making efforts to pay each month and hadn't received any notification that the account would default. The Information Commissioner's Office (ICO) sets guidance outlining that lenders can register a default when an account is three months in arrears – and that a default should normally be registered by the time an account is six months in arrears. I've considered whether Madison made an error – or otherwise treated Mr I unfairly – when it registered a default.

Looking at Mr I's account statement, I can see that the scheduled payments failed every month. Madison's notes suggest this was due to insufficient funds in Mr I's account – but Mr I says it was because Madison had the wrong payment details. In any case, Mr I was able to make each scheduled payment manually before the end of the month until January 2025. The first payment to be missed entirely was due on 3 February 2025. The default was registered on 30 April 2025. While this was just under three months after the account entered arrears, I don't find that Mr I was disadvantaged by this as the payments due in April and May 2025 also weren't made.

Mr I says he wanted to pay in February, but couldn't reach Madison over the phone to make the payment. While I appreciate this may have been frustrating, I can see there were several other one-off payment methods available to Mr I – including a bank transfer and through Madison's app. Mr I made a payment through the app the following month – so I think he was reasonably aware that he didn't need to call to make a one-off payment. So, while I appreciate Mr I may have had some difficulty paying, I don't think the arrears weren't cleared due to any error made by Madison.

Mr I also says he didn't receive the default notice and wasn't aware of it. I can see the default notice was sent correctly to Mr I's address – but it was returned to Madison the following week. It's not clear why this happened – and I can't see that Madison sent the notice again before the default was registered. Although it was sent correctly by Madison, I'm reasonably satisfied Mr I didn't see the default notice until after the default had been registered.

I've considered whether Mr I would likely have been in a significantly different position had he seen the default notice – and I don't think he would have been. As he's highlighted, Madison contacted Mr I numerous times by phone to make him aware that his account was in arrears. It also sent emails to Mr I on at least one occasion letting him know his account was in arrears and that a default would likely be registered if those arrears weren't cleared. So, I'm reasonably satisfied Mr I knew his account was in arrears and at risk of defaulting if he didn't pay – and he didn't make the payments due in April or May 2025. I don't think it's likely that seeing the default notice would have changed this. Taking everything into account, I don't find that Madison made an error or treated Mr I unfairly when it registered a default. As the loan had defaulted, Madison was entitled to close the account and sell it to a third-party – and I don't find that it did so unfairly in this case.

I've also considered Mr I's concern about the level of contact he received. Madison didn't dispute our Investigator's view that the number of phone calls made to Mr I was excessive. From the account notes, I can see that between the first payment missed in September 2024 and the sale of the account in May 2025, Madison called Mr I more than 150 times to chase

payments. The initially scheduled payment failed each month, and Madison would usually call at least once the same day – and again nearly every day until the outstanding balance was cleared. When the payment was missed in February 2025, Mr I received 15 automated calls in a single week. Mr I told Madison on several occasions that he found the frequency of the calls upsetting.

It's important to note that Madison is entitled to contact its customers to enquire about missed payments – and there's no set limit to the number of calls it can make. But in the circumstances of Mr I's complaint, I think it ought to have been reasonably clear that the situation wasn't working for Mr I and that the level of calls wasn't helpful.

Instead of continuing to make automated calls, I think it would have been reasonable for Madison to have engaged with Mr I to find out why the payments were failing so consistently and to see if it could offer any options to help prevent it from happening again. I can also see that after Mr I told Madison he was unhappy with the volume of calls its agent left a note suggesting he shouldn't be contacted – but the calls resumed a few days later. Given the circumstances of Mr I's account, I agree with our Investigator that Madison didn't treat him fairly here.

It's clear the number of calls Mr I was receiving caused him distress and frustration – and I don't doubt him when he says he tried to answer most of those calls but wasn't put through to an agent on several occasions. Madison has agreed to pay Mr I £200 to recognise the impact of these calls. I understand Mr I doesn't think this is enough – but as I've said, Madison was entitled to make contact with Mr I, and given that payments failed each month I think some level of contact was to be expected. Taking all of the circumstances into account, I think £200 fairly reflects the impact of what happened here. So, Madison should now pay Mr I £200 compensation, if it hasn't already.

My final decision

My final decision is that I uphold Mr I's complaint. I require Madison CF UK Limited trading as 118 118 Money to pay Mr I £200 compensation, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 27 November 2025.

Stephen Billings
Ombudsman