

The complaint

Miss G complains that Chetwood Financial Limited trading as Wave applied a default against her credit card account after she offered to set up a payment plan.

What happened

Miss G held a credit card account with Wave. Arrears started to accrue on the account in November 2023. Miss G told Wave she'd been unable to work due to an injury and was behind on several financial commitments including priority bills. She was expecting to receive funds through her studies which were delayed. Wave sent Miss G an income and expenditure form and agreed to discuss things further with her after she returned it.

Miss G got back in touch a few weeks later. She was still struggling financially and asked for a payment holiday. Wave sent an email offering 30 days' breathing space on the account – and asked Miss G to confirm her acceptance. In January 2024, Miss G contacted Wave again to ask about a potential payment plan. Wave asked Miss G for more information about her circumstances so it could consider this – and agreed to refund the late payment fee charged the previous month.

Miss G got back in touch in April 2024 – saying she hadn't contacted Wave sooner as she'd been unwell. She said her circumstances hadn't improved, and she still hadn't received the funds she was expecting. Wave said it had appointed a third-party to deal with the day to day running of its accounts and asked her to contact it. Miss G says she tried to contact the third-party company without success.

On 12 August 2024, a notice of default was sent to Miss G, requiring her to pay the arrears balance of £364.66 by 30 August 2024. Miss G called the third-party around a week before the deadline. She explained she was still experiencing financial difficulties and still wanted to set up a payment plan. She said she had no funds available to put towards the account but expected to start work soon. She offered to pay £1 per month in the meantime. Nothing was agreed on the call, and a default was applied soon after.

Miss G made a complaint. She said she made reasonable attempts to contact Wave and the third-party to offer a payment arrangement but wasn't given a chance to resolve things before the default was applied. Wave didn't think it had made an error and said the default was correct given the level of arrears that had accrued.

The complaint was referred to this service. Wave then agreed it could have communicated more effectively with Miss G and offered £100 to recognise this – but didn't think it ultimately made a difference to the account. One of our Investigators considered the complaint and thought Wave's offer was fair in the circumstances.

Miss G didn't agree. She didn't think Wave had met its obligations to treat her fairly under the Financial Conduct Authority (FCA)'s Principles (PRIN) or the Consumer Credit Sourcebook (CONC). She said under the Consumer Duty, Wave needed to avoid causing foreseeable harm – and the default was a foreseeable consequence of its poor service. She said £1 per month was genuinely all she could afford due to her financial difficulties. She

was also going through significant grief due to other unfortunate circumstances which had further affected her ability to work. She said Wave was fully aware of her circumstances but didn't support her. She asked for the complaint to be referred to an Ombudsman for a final decision. So, 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 I haven't specifically commented on something that doesn't mean I didn't see or consider it – only that I didn't find it necessary to comment on to reach a fair outcome.

I'd first like to thank Miss G for providing details of her recent circumstances. It's clear she's been through a significantly difficult time – and she has my sincere sympathy for this. I've considered whether Wave has treated Miss G fairly taking all of the circumstances into account.

I appreciate it would have come as a disappointment to Miss G when Wave applied the default. She'd offered to resolve things through a payment arrangement several times, but Wave didn't agree before applying the default. I acknowledge Miss G has referred to Wave's obligations under PRIN, CONC and the Consumer Duty – which I've considered. I recognise that Miss G has referred to these provisions to support her point that Wave and its third party were required to treat her fairly during a period of financial difficulty.

Like all lenders, Wave is required to report true and accurate information about accounts. The Information Commissioner's Office (ICO) sets guidance for lenders about the reporting of defaults. This sets out that a default can be applied once an account is at least three months in arrears – and should normally be applied by the time arrears reach six months. But there are exceptions to this – for instance, if a payment arrangement is agreed and maintained. In this case, Miss G's account was six months in arrears by the time Wave applied the default. I've considered whether Wave made an error – or otherwise treated Miss G unfairly – when it applied the default.

As Miss G has noted, when a lender is aware that a customer is in financial difficulties – or otherwise unable to pay due to a change in circumstances - it ought to take positive steps to treat them fairly by providing appropriate support, forbearance and due consideration. This can involve considering a range of possible options – and lenders should pay due regard to the best interests of their customer when doing so. There aren't any specific steps a lender is required to take, as what is most appropriate will depend on the circumstances.

In this case, Miss G made Wave aware of her circumstances in December 2023. At the time, Wave agreed to consider things in more detail on receipt of an income and expenditure form – and later offered breathing space for a period of 30 days. Although this wasn't agreed at the time by Miss G, it offered to waive the late payment fee charged that month. When Miss G once again asked for support, it asked her for more information so it could consider things further but didn't receive a response. Although there was some miscommunication, I think the steps Wave offered to take up until the default notice was issued were reasonable in the circumstances.

It's not disputed that there was some miscommunication, or that Miss G made payment offers which weren't responded to. I understand that both Wave and its third-party accept that they didn't respond to all of Miss G's correspondence, and ought to have followed things up more proactively when it asked her for information. But even considering this, I don't think

the default was applied unfairly. I'll explain why.

Miss G has explained that her finances were affected by unfortunate circumstances outside of her control, and didn't substantially improve between December 2023 and August 2024 when the default was applied. When Miss G spoke to the third-party in August 2024, she was only able to offer £1 per month. This was significantly less than the contractual amount due, and she said she wouldn't be able to pay more than that until December 2024 at the earliest – a year from when arrears started to accrue.

The ICO principles say that a lender can record a default if the customer is only able to offer very low or token payments which aren't accepted as a formal payment arrangement. Wave says it wouldn't have accepted Miss G's offer – as her circumstances hadn't improved and she hadn't demonstrated that she could afford to maintain any payments. Had Wave accepted Miss G's offer, arrears would have continued to accrue which could have left her in a worse position in the long term if her circumstances didn't improve. And given that Miss G was only able to offer token payments, Wave would have been entitled to apply the default even if these payments were made. So, I don't think Wave treated Miss G unfairly by not accepting her offer of £1 per month.

While I don't doubt Miss G's good intentions and attempts to resolve things, based on the information she's provided I don't think there was a realistic prospect of her making significant payments or clearing the arrears in time to avoid the default. Miss G says she was unable to pay her priority debts – and couldn't afford to allocate any funds to her account. This would be the case regardless of whether Wave or its third-party communicated more effectively with her or responded to her offers to set up a payment plan. As I've outlined, Wave was required to record accurate information about how the account was managed – and I'm satisfied it did so by applying a default. While I note Miss G's point that Wave didn't fulfil its obligations under the Consumer Duty when it failed to respond to her, I don't find that this ultimately makes a difference to its decision to apply the default – as I'm satisfied this would have happened even if it had communicated more effectively with her.

I have considerable sympathy for Miss G – and I appreciate this will come as a significant disappointment – but for the reasons I've explained I don't find that Wave treated her unfairly or made an error by applying a default. Wave has offered £100 to recognise the poor service it provided. Based on the information I've seen, I'm satisfied Miss G was caused some avoidable frustration and inconvenience when she didn't receive responses to her queries. I've also considered that Wave asked Miss G for more information to help with her requests for support on three separate occasions and she didn't respond to those – but I agree Wave could have done more to chase things up. Taking everything into account, I think £100 is a reasonable reflection of the distress and inconvenience caused, and that Wave's offer is fair in the circumstances.

My final decision

The business has already made an offer to pay Miss G £100 to settle the complaint, and I think this offer is fair in all the circumstances. So, my final decision is that Chetwood Financial Limited trading as Wave should pay Miss G £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 8 January 2026.

Stephen Billings
Ombudsman