

The complaint

Mr T complains that Lloyds Bank PLC unfairly recorded a default on his credit file.

What happened

Mr T held a credit card account with Lloyds; in August 2025, following a period of missed repayments, the bank recorded a default on Mr T's credit file. Mr T complained about that. He said he hadn't received the Default Notice – which set out the requirements he needed to fulfil to avoid default – and, as such, hadn't been afforded the requisite time to comply. Given he hadn't received Lloyds' default notice, Mr T considered Lloyds to have breached legislation by not providing him the opportunity to remedy the arrears.

Lloyds didn't uphold Mr T's complaint. It said, in summary, that it had sent Mr T several letters; those being: monthly statements, notices of sums in arrears, an account closure notice and, ultimately, a default notice. Lloyds said it had sent those letters to the address it held for Mr T, and nothing had been returned undelivered. Lloyds also mentioned that it had a duty to report the accurate reflection of Mr T's account to Credit Reference Agencies ("CRAs").

Mr T remained unhappy, and he contacted this Service for an independent review. An Investigator here considered what had happened; they didn't recommend Mr T's complaint be upheld. In summary, the Investigator said Lloyds had complied with its obligations around the issuance of a default notice. While unfortunate that Mr T hadn't received it, Lloyds couldn't be held responsible for that. Fundamentally, the bank had issued the required notice and sent it to the correct address – that's all it was required to do and, as such, the recording of a default wasn't unreasonable.

Mr T disagreed. He maintained that Lloyds hadn't provided the requisite notice for him to take appropriate action and avoid default. So, as no agreement has been reached, the complaint has now 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.

While what I set out here will certainly be disappointing for Mr T, I don't think Lloyds has acted unfairly or unreasonably in recording a default against him. Nor do I think it's breached any relevant legislation.

To explain, Lloyds is obliged to send a default notice by post, and it did just that; the bank doesn't have to check a customer received it. I've nothing to support Mr T's view that Lloyds' legal obligations weren't adhered to. Rather, I've seen internal system notes to show the default notice was indeed produced; I've also been provided a copy of the notice itself, and I can see it's correctly addressed. There's no reason for me to doubt Mr T when he says he didn't receive the notice – and I have some sympathy for him there – but that doesn't equate

to Lloyds having done something wrong in applying a default.

Ultimately, the bank fulfilled its obligations and cannot be held responsible if Mr T didn't receive the default notice. It follows that Lloyds would be considered to have served the appropriate notice to Mr T, and to have given him details of how to remedy the situation. I appreciate Mr T's view of the matter, but I can't reasonably say Lloyds did something wrong given it can demonstrate that it took all required steps.

More broadly, I'm satisfied that Lloyds was entitled to consider Mr T's account in default. He hadn't made several of his contractual minimum repayments, and I've seen Mr T himself has acknowledged this to be the case. Lloyds explained to Mr T that it has a duty to report an accurate reflection of his account to CRAs; it's not wrong about that and, overall, I'm satisfied that's what it's reasonably done.

In conclusion then, for the reasons I've explained, I don't consider Lloyds to have acted unfairly or unreasonably here. As such, I don't require it to take any further action. I'll add, as a final point, that I can understand entirely Mr T's apprehensions about what a default might mean for his financial standing. So, I thought he may wish to know about the option of asking to register a "notice of correction" with the CRAs. In essence, that's a short explanatory note that Mr T can ask to add to an entry on his credit file which explains the background to that entry. Any firm who searches his credit report should then see the notice.

I'll be clear that I can't assure Mr T if individual CRAs will allow him to do this – that's for them to determine. I should explain too that any prospective lenders will each consider a notice like this differently; it isn't a guarantee that any firm will put the underlying payment information to one side. But given how strongly Mr T feels here, it may be an option for him.

My final decision

My final decision is that I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 12 December 2025.

Simon Louth
Ombudsman