

The complaint

Mr U complains that OAKBROOK FINANCE LIMITED trading as Finio Loans “Oakbrook Finance” shouldn’t have defaulted his loan agreement.

What happened

Oakbrook Finance provided Mr U with a personal loan in October 2023, for £2,000, repayable over 24 months, with a monthly payment of around £137.

Mr U made seven contractual repayments on time. But I understand he then contacted Oakbrook Finance to explain he was struggling with payments due to his health. Following this, Oakbrook Finance said it applied a hold to Mr U’s account. It says a further hold was placed on the account in July 2024, after Mr U requested it.

Around 12 August 2024, Oakbrook Finance set up a direct debit for Mr U to make reduced repayments of £10 per month for two months. The day after, on 13 August 2024, Oakbrook Finance issued a default notice, and the account was subsequently defaulted on 12 September 2024.

Mr U complained to Oakbrook Finance, stating that by issuing the default notice so soon after agreeing a reduced repayment plan, it had acted in violation of FCA forbearance and vulnerability guidelines and contradicted the agreement to the payment plan, made only the day before. Mr U says this has caused him ongoing financial and personal distress.

In its final response, Oakbrook Finance didn’t uphold Mr U’s complaint as it said it had applied the default correctly. Unhappy with this, Mr U referred his complaint to our service.

Our Investigator didn’t uphold Mr U’s complaint. They felt the default had been registered correctly because the account was in arrears of more than three months and the reduced payments wouldn’t bring the account up to date within a short period of time. They also felt despite registering the default, Oakbrook Finance had treated Mr U with forbearance.

Mr U didn’t agree. In summary, he said:

- Oakbrook Finance shouldn’t have issued a default notice only one day after agreeing a reduced repayment plan as he relied on this to his detriment – and this is in breach of the Financial Conduct Authority’s (“FCA”) overarching Principle 6 (Treating customers fairly) and Principle 7 (Communications with clients).
- The Information Commissioner’s Office (“ICO”) guidelines in relation to when a default should be registered are not rigid and forbearance should be exercised before pursuing debt recovery.
- Forbearance requires allowing the arrangement a reasonable chance to work, which isn’t what happened here.
- The default shouldn’t have been registered as Mr U was adhering to the arrangement.
- The FCA vulnerability guidelines require firms to consider whether a customer is vulnerable and to take steps to prevent foreseeable harm. Mr U’s health issues made

him vulnerable, and Oakbrook Finance was aware of his financial difficulties which were linked to his health.

- The notice period given before defaulting the account wasn't long enough for someone in financial hardship and doesn't reflect the "due consideration" required by CONC 7.3.4R, especially following an agreement to a long-term hardship arrangement.

The Investigator didn't change their mind. They said the default was recorded accurately, due to the long-term financial difficulties Mr U was facing. And, the FCA guidelines Mr U referred to, don't prevent a business from reporting a default. Here, the arrears wouldn't be repaid within a short period of time.

Because the parties couldn't agree, the matter has 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.

Having done so, although I appreciate this will come as a disappointment to Mr U, I'm not upholding his complaint – and I'll explain why.

Before I do however, I note Mr U brought this complaint outside the time limits allowed for complaining. However, since Oakbrook Finance has consented to our service considering this complaint, I'm satisfied I'm able consider it on the merits.

I also want to explain that I appreciate I've set out Mr U's complaint in less detail than he has, and I haven't answered every one of his points individually. Rather, I've focused on the crux of the matter. I mean no discourtesy by this, it's merely to reflect the informal nature of our service and I want to reassure him that I've considered everything very carefully.

I understand Mr U feels something has gone wrong here, given the proximity of Oakbrook Finance setting up lower repayments for Mr U and the account defaulting – especially considering his vulnerabilities. But I don't think Oakbrook Finance has acted unfairly by defaulting Mr U's account when it did – and nor do I think it has breached any guidelines in relation to the matter.

Mr U says that forbearance should be exercised before pursuing debt recovery and suggests this didn't happen. But I don't agree this didn't happen. Oakbrook Finance gave Mr U breathing space once it was made aware of his situation and subsequently set up reduced repayments. The fact that it then went onto register a default, doesn't mean that it wasn't showing forbearance towards Mr U – in fact, it has a duty to accurately report how Mr U's account was being managed.

Importantly, a lender can still default an account whilst reduced repayments are being made. And I think it was reasonable for Oakbrook Finance to have done so here. Whilst Mr U says the payment plan wasn't given a chance to work, the reduced repayments, in context of the contractual repayments and the arrears owed on the account, were very low. Mr U was paying £10 per month – so, these payments weren't enough to cover the minimum amount due under the contract, let alone the arrears of over £400. So, arrears continued to accrue and a default was registered, which is in line with the relevant guidance: "*Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*" (forwarded by the Information Commissioner's Office ("ICO") but published by the Steering Committee on Reciprocity ("SCOR")). All of this together, satisfies me that it was reasonable for Oakbrook Finance to default the account, despite the reduced payments being made.

In addition to this, Oakbrook Finance included the following, in the letter confirming Mr U's reduced repayments:

“As a reminder, since you are experiencing long term financial difficulty, you may have already received a Notice of Default but if not, we will issue you with a Notice of Default when your account is 65 days overdue on repayment... We will register a default on your credit file when your account is 93 days overdue on repayments...”

So, I think it's fair to say Oakbrook Finance made Mr U aware that, despite the reduced repayments, a default would be registered – and it explained the reasons why.

I agree with our Investigator that Oakbrook Finance registered the default correctly – and fairly. It only registered a default once Mr U had been at least three months in arrears, in line with the guidelines mentioned above – and Mr U had incurred these arrears before making the reduced repayments. I'm also satisfied, having seen the Notice of Default letter, that Oakbrook Finance made Mr U aware it was defaulting the account, told him how he could prevent the default and gave him enough notice. It gave him more than 14 days to bring the account up to date, which is the minimum notice period set out in the Consumer Credit Act 1974.

Whilst Mr U says, given his situation, he wasn't given enough time to respond to the default notice, even if Oakbrook Finance had given him more time, I don't think it would have made a difference. The purpose of giving Mr U time before defaulting the account, would be to allow him to clear the arrears – and therefore prevent the default. But I don't think it's likely Mr U would have been able to clear the arrears within a reasonable period of time. In fact, I can see between roughly when the account defaulted in September 2024 and August 2025 (a period of almost a year), Mr U had only paid approximately a further £80 towards the account, in total. So, I don't find it likely he would have been able to clear the arrears of over £400 to prevent the account defaulting.

Looking at Mr U's payment history, I can see, following the default, he later had several consecutive months where he didn't appear to make any payments. So, it was inevitable Mr U's account would be defaulted at some point, even if Oakbrook Finance hadn't defaulted it when it did. To be clear, I don't think Oakbrook Finance has made an error here. But even if I told it to change the default date to a later date, that would be to Mr U's detriment. Because the later the default date, the longer it will remain on Mr U's credit file.

Overall, I'm satisfied that the default is an accurate reflection of how the account has been managed and that Oakbrook Finance has acted fairly and reasonably. So, I'm not going to ask Oakbrook Finance to remove it nor take any other action to put things right for Mr U.

I'm sorry that Mr U is experiencing financial difficulty – and I want to thank him for sharing with our service, information about his personal situation, including the severity of his health issues. I have considered the relevant guidelines Mr U has referred to in his submissions when making my decision. Whilst Mr U has made reference to Principle 6 (Treating customers fairly), this has now (for the most part) been incorporated into the Consumer Duty. But, in all the circumstances of this case, for the reasons explained, I don't think Oakbrook Finance has made an error here, nor treated Mr U unfairly.

My final decision

For the reasons explained, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or

reject my decision before 4 March 2026.

Sophie Kyprianou
Ombudsman