

The complaint

Mr N complains that Capital One (Europe) plc defaulted his Post Office credit card account.

What happened

In 2024, Mr N lost his job, was behind on his priority bills and was struggling financially. He last made his contractual monthly repayment in December 2024. He told Capital One about this situation. Mr N made repayments of £5 per month from February 2025.

Mr N called Capital One again in late April 2025. He was told he was predicted to get a default notice on 13 July 2025 but was told not to worry about it too much as that was two months away. Mr N asked to increase his monthly repayments to £10 per month from May 2025.

On 17 May 2025, Capital One sent Mr N a letter, which said *“If you’re already on a payment plan to clear your missed payments, then don’t worry your account won’t default”*. Capital One then sent Mr N a default notice on 14 July 2025. This said it needed him to repay the arrears of £152.39 by 11 August 2025. Mr N says he didn’t receive the default notice.

On 8 August 2025, Mr N paid £120 to his account. He was then surprised to receive Capital One’s letter of 16 August 2025, which said it defaulted his account the day before. Mr N complained, and explained he didn’t receive the default notice.

In response, Capital One said it sent Mr N a default notice and, as the arrears weren’t repaid, his account defaulted correctly. Capital One said it was sorry to hear Mr N hadn’t received the default notice but it had been posted correctly.

Mr N referred his complaint to our service. One of our investigators said Capital One had provided breathing space, rather than a repayment plan. The investigator said the default notice sent was sent in July 2025 and the account was defaulted when the arrears weren’t repaid in full. The investigator said Capital One wasn’t responsible if the default notice wasn’t received. Overall, they thought Capital One was entitled to record the account as in default.

Mr N asked for an ombudsman to review his complaint. He felt Capital One’s letter in May 2025 reassured him his account would not default and it was unfair they then defaulted it when he’d continued to make repayments.

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’ve listened to Mr N’s call where he let Capital One know he was out of work. The agent went through his income and expenditure. The agent said it would apply Breathing Space to Mr N’s account. She said *“if you continue to pay £5, the account would essentially default,*

which would stay on the credit file for six years.” It said interest, fees and phone calls would stop. They went on to say the default would happen around June or July. Mr N asked what amount would be ‘ok’ to pay by July. He was told to call again closer to the time.

I’ve listened to the April call in which Mr N says he wanted to increase his payments. He was informed a default notice was due to be sent in a few months. He was offered the option of paying around £43 per month for 12 months. He was told that if continued to repay £10 per month, his account will eventually default. He opted to pay £10 per month and more when he could.

Having listened to Mr N’s calls, I don’t think he was told his account would not default whilst he was making reduced repayments. I think he was given reasonable notice that he would be sent a default notice.

I’ve reviewed Capital One’s letter of 17 May 2025. The letter says the account would not default *if* he was already on a payment plan to cover his missed payments. I think the calls Mr N had with Capital One made it reasonably clear the £10 he was paying was not enough to cover the missed payments, which is why it gave him the option to pay more. Overall, I don’t think Capital One’s letter confirmed it had accepted a repayment plan that would avoid the account defaulting.

In any event, even if I were to accept Capital One’s letter and calls were confusing, I think it clarified things in its default notice in July 2025. I’m satisfied the default notice clearly set out what would happen if the account was not brought up to date. Whilst Mr N says he didn’t receive it, I’m satisfied Capital One has provided evidence to show the letter was correctly addressed. It wasn’t required to ensure Mr N received and read the default notice.

I appreciate Mr N made a significant repayment in August 2025, it remains that the arrears set out in the default notice were not repaid in full. As the terms of the default notice were not met, Capital One was entitled to record the account as in default.

The Information Commissioner’s Office sets out that a creditor should default an account once three to six months of arrears have accrued. Whilst Mr N was making the agreed repayments, these were less than his contractual monthly repayments. Given Mr N’s account was in arrears from January 2025, I’d normally expect his account to have defaulted around the end of July 2025. Given Capital One issued the default notice in July 2025, I don’t think it was unreasonable for the account to have defaulted in August 2025.

I’ve thought about whether Capital One treated Mr N fairly and reasonably. It doesn’t appear that Capital One applied any interest or fees from January 2025 onwards, after being informed of Mr N’s financial difficulties. So, I think it treated him fairly. I think it was obliged to default the account after more than six months of arrears had accrued. also informed Mr N that his account would default.

So, whilst I realise the distress and disappointment this matter has caused Mr N, I’ve not asked it to remove the default from his Post Office credit card as he has requested.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr N to accept or reject my decision before 29 April 2026.

Victoria Blackwood
Ombudsman