

The complaint

Mrs W complains Link Financial Outsourcing Limited didn't correctly start taking payments for her debt which led to a default being incorrectly applied.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

Mrs W was paying her credit card with a company I'll refer to as A for £11.70. Mrs W says she was paying by direct debit.

Mrs W then received a letter from A and Link saying Link were taking over her account, nothing would change and she didn't need to do anything for the payments to continue to be made. Unfortunately this was wrong, as Mrs W then started receiving letters saying she was in default due to no payments being made.

To try and get to the bottom of things, Mrs W rang Link on several occasions – the first time she was told to pay £22 as that was her monthly payment (when it wasn't – it was £11.70). In later calls she was told she was still in default.

Link said there was a live direct debit on the account with the information they were given by A, but they said they hadn't been receiving any payments. Link said they'd sent Mrs W correspondence about missed payments, and it was her responsibility to ensure payments were made. Link said the account was £114 in arrears (as at 9 November 2024 the date of the letter). Link explained how Mrs W could make payment, and said the reason they were asking for payment of £114 is because her account hadn't been defaulted at this point.

The account with Link was later defaulted.

Unhappy with Link's response, and defaulting her account, she asked us to look into things in April 2025.

As part of our standard process, we asked Link to provide their file. They did so, and said they thought they'd given wrong information in their complaint response to Mrs W by saying the payments were being made by a direct debit. They said they'd checked, and this account wasn't passed over to them with the direct debit details as would normally happen, so thought this was a standing order. Link said this is maintained by customers directly, so isn't something they can transfer over. For the misinformation they offered £50, but didn't think they'd incorrectly defaulted the account.

A week later, A told Link a direct debit was set up – and Link said they'd arrange for all the reporting to be removed.

After further investigation, our Investigator established Link hadn't received Mrs W's bank details when the account was transferred over. Overall, she felt Link should pay Mrs W a total of £150 – including the £50 Link previously offered – as well as removing the default.

She also agreed with a suggestion Link had made about setting up a new payment plan for £11.17 per month.

Link accepted the outcome, and said once Mrs W accepts the outcome they'll contact her to pay the compensation and set up the new arrangement.

Mrs W queried this, as she thought the compensation being offered was £250 which she said is still low, but was thinking it'd at least get the issue sorted. Mrs W was also extremely unhappy at the suggestion of having to set up a new payment plan.

Our Investigator asked Link if they'd increase the offer of compensation to £250 – which Link agreed to.

Mrs W asked to go to the final stage of the process due to the data breach and anxiety Link had caused her. She said they'd acknowledged they were wrong from the start yet kept threatening her which she now feels is unacceptable. So, the complaint's been passed to me to decide.

On 23 September 2025, Link said they'd arrange to remove the default from Mrs W's credit file. Typically this can take up to eight weeks. I should add that, even though Link said they'd remove the default previously, I wouldn't expect them to do so until Mrs W's case was finalised with us. So, I don't think Link did anything wrong in not removing it earlier.

Before deciding the case, I can see Mrs W understood she'd raised a second complaint to Link about them getting the amount of her monthly payment wrong. But, this has been addressed in this complaint, which Link have confirmed, so there won't be a separate second complaint about this from Link or our service.

In addition, Mrs W said these issues led to her being turned down for car finance. We explained to Mrs W she'd need to provide information that proved this default was the sole or main reason for the application being turned down.

What I've provisionally 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 think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a courtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

Link have accepted they've made an error, but I don't think it's as straightforward as Mrs W has suggested – as Link were relying on information from A. I can't make any finding on A, as I'm only considering the complaint against Link.

I agree Link have given Mrs W incorrect information which is unhelpful and I agree the default shouldn't have been applied. It's also now clear Link gave Mrs W the wrong information about her monthly payments as well.

For these issues, Link have now offered £250 which Mrs W doesn't feel is enough to reflect the data breach and anxiety they'd caused her.

Before I decide whether the compensation is fair, I need to address her concerns regarding her car finance being rejected.

When asking Mrs W for information to show the sole or main reason her application was turned down was due to this default, we asked Mrs W for the following information (as originally written to Mrs W):

- Provide a copy of your credit report dated on / before the date of your finance application in May 2025 – if possible.
- Provide a copy of your credit report after May 2025 to show what it looked like after the finance provider turned you down.
- You said the finance provider agreed to lend to you in January 2025 – please provide all evidence you have of this.
- You said the finance provider told you the reason for turning down your application was due to a change in your credit file – can you please provide evidence of the finance provider telling you this please.
- As a result of you being turned down for this finance, what impact has it had on you? Please provide any evidence of the impact you have as well please.

We also explained to Mrs W we needed the evidence to explicitly show the above to take this into account.

In response, Mrs W provided three screenshots of her credit report and she said her finance provider could verify she was approved for a car but pulled out because of the excess. Mrs W hasn't provided the evidence we specifically set out. Without this, I can't reasonably say the sole or main reason for the lending being turned down was due to the default – as I simply don't have the evidence to support this. If Mrs W wants to gather that evidence from the relevant parties and submit it in response to this provisional decision then she's welcome to do so.

Thinking now about compensation, this isn't an exact science. Here, Mrs W was told at the start nothing would change and payments would continue to be taken from her account. Unfortunately, this was wrong and then there was more confusion when payments were taken for the wrong amount. I don't doubt the account being defaulted was distressing, but in line with the above I've no evidence to show this impacted Mrs W's finance applications. Taking everything into account, I think the £250 Link have now offered is a fair outcome.

I've also taken account of Mrs W's views on having to reset up her payments – where she's said she doesn't think she should have to. But, mistakes can and do happen, and it's not unreasonable of Link to ask Mrs W to do this.

Responses to my provisional decision

Link replied to confirm they accepted the provisional decision.

Mrs W didn't reply by the deadline.

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.

As Link confirmed they accepted my outcome, and Mrs W didn't reply, I've seen no reason to change the outcome I reached. That was I thought the £250 Link had offered was fair.

My final decision

I uphold this complaint and require Link Financial Outsourcing Limited pay Mrs W £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 16 December 2025.

Jon Pearce
Ombudsman