

The complaint

Mr D complains about a default Black Horse Limited have applied to his credit file. He would like it removed.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In August 2022, Mr D entered into a hire purchase agreement to acquire a car. The agreement was for 60 months, with contracted monthly repayments of £255.28.

Unfortunately, Mr D has said he had to undergo surgery in July and October 2024 which meant he was unable to work. He spoke to Black Horse about this, and some temporary payments plans and arrangements were put in place.

In January 2025 Mr D received a letter from Black Horse advising him that the total balance of his arrears needed to be paid to avoid further action, such as the agreement being terminated and the process started for Black Horse to repossess the car. Mr D was able to borrow the money from family and settled the arrears in full, and Black Horse didn't go ahead with plans to repossess the car.

In May 2025 Mr D complained to Black Horse as he had noticed that a default had been applied to his credit file in December 2024 by them, and he felt this was unfair because of his circumstances. He asked Black Horse to remove the default, but they declined to. They said the default had been applied correctly.

Mr D brought his complaint to our service. The investigator didn't uphold it. He said that Black Horse were expected to act in line with published guidelines for consumers experiencing financial difficulties, and he was satisfied Black Horse had done that, when he considered how Mr D had managed the payments to his agreement. He said Black Horse had reported the default fairly to the credit reference agencies.

Mr D didn't accept the investigator's opinion. He said that he didn't receive any letters from Black Horse about the application of a default and only found out in May 2025. He continued to ask for the default to be removed.

As Mr D didn't agree, the complaint 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire purchase agreement entered by Mr D is a regulated consumer credit agreement this service is able to consider complaints relating to it.

I'm sorry to hear about the issues Mr D has experienced. Our investigator has already provided a comprehensive view. And, having considered everything provided by both parties in this case, I have to say I agree with our investigator. I'm satisfied Black Horse have applied the default correctly to Mr D's credit file. I'll explain why.

Mr D has said that he had to undergo surgery in July and October 2024, which had an adverse effect on his financial situation as he was unable to work at that time. I can see from Black Horse's contact notes that several conversations were had with Mr D at these times – and in between – to try and make arrangements and assess his ability to make any payments. Several times Black Horse asked Mr D to complete an income and expenditure form so they could accurately assess what, if anything, he could afford to pay so they could consider a suitable arrangement to pay, but Mr D seemed to decline to complete one.

Black Horse also explained the other options available to Mr D if he couldn't afford to make any repayments, such as voluntary termination, voluntary settlement, or the option for him to sell the car privately and use the sale price to reduce any outstanding arrears. Again, Mr D seemed reluctant to discuss these options as he said he needed to keep the car.

Prior to Mr D's surgery he was already in two months arrears on the agreement. And no payments were received by Black Horse between May and October 2024. During those months, Mr D was in communication with Black Horse, and Black Horse had paused repayment a number of times. But Black Horse wrote to Mr D to explain those pauses were coming to an end in July and August 2024 and they wanted to discuss the way forward with him, It seems Mr D didn't engage with that, and no payment was received in September 2024.

Because of this, Black Horse wrote to Mr D to explain that his account was in arrears, and that urgent action needed to be taken by him to avoid further action being taken, such as a default on his credit file and the repossession of the car. As the arrears weren't cleared by Mr D, Black Horse referred his arrears to their recoveries team in December 2024 and a default was added to his credit file at this time. The recoveries team wrote to Mr D in early January 2025 to explain the next course of action would be to start repossession proceedings – and at this point Mr D cleared the arrears in full with the help of his family and Black Horse's recoveries team returned the account to Black Horse's solutions team.

I appreciate why Mr D would feel that, as he cleared the outstanding arrears, the default should be removed. But Black Horse are required to report a true and accurate reflection of how Mr D has managed the payments on his agreement to the credit reference agencies, and I'm satisfied they did that at the time they reported the default.

Black Horse are expected to treat Mr D with due consideration and forbearance if he is in financial difficulties or is in default on his account and I'm satisfied they've done this. Things they need to consider – amongst others - are temporary payment plans, allowing deferment of payments or arrears or accepting reduced amounts for a reasonable amount of time. Black Horse also explained other options available to Mr D that might have helped reduce any arrears, such as voluntary termination of the agreement, or selling the car and using the sale price to reduce what was outstanding. Black Horse have shown that multiple repayment plans were put in place, along with pauses to Mr D's monthly repayments, and I'm satisfied they've acted reasonably by applying the default when they did. I don't think they had any other options available to them and were entitled to seek recovery of their asset at that time.

Mr D has said that he was unaware of the default being applied until he noticed it on his credit file in May 2025. He said he didn't receive any letters from Black Horse about it, other than the letter from the recoveries team in January 2025, which prompted him to settle the arrears in full.

Black Horse have provided copies of the letters sent to Mr D, and our investigator has sent those copies to Mr D too. All of the letters are correctly addressed to Mr D, and I'm not aware of any specific postal problems that would have affected deliveries to Mr D. I have no reason to suspect the letters weren't sent by Black Horse. It's possible Mr D didn't receive the letters, other than the one in January 2025 from the recoveries team, but I'm satisfied Black Horse have sent them all to the address they have on record for Mr D, and I can't hold them responsible for any letters potentially not reaching their destination. There isn't a requirement on Black Horse to ensure the letters are received by way of a tracking process – they only need to make sure the letters are sent. And I'm satisfied the evidence in this case shows the letters were sent to Mr D. So, it follows that I'm satisfied Black Horse have treated Mr D fairly. They have a responsibility to report accurate information to the credit reference agencies, and I'm satisfied they've done that in Mr D's case.

I know this decision will come as a disappointment to Mr D, and he's concerned about the impact the default could have on his finances and ability to get credit. But I can only ask Black Horse to remove the default if I'm persuaded it has been applied incorrectly. And I've explained above why I'm satisfied Black Horse have applied it correctly in Mr D's case. I won't be asking Black Horse to do anything more in relation to this complaint.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 9 January 2026.

Kevin Parmenter
Ombudsman