

The complaint

Miss P complains that Chetwood Financial Limited trading as Wave registered a default on her credit file.

What happened

Miss P holds a credit card with Wave.

In or around May 2023 Miss P experienced difficulties making payment to her account using the app. She contacted Wave about this and they advised her of alternative ways that she could make payment. Miss P didn't make a payment in May 2023.

On 31 May 2023 Wave issued a Default Notice. This stated that the arrears of £180.20 must be paid by 21 June 2023 to avoid a default being applied to the account. It also stated that if the arrears weren't paid by this date, the agreement would be terminated and the full balance on the account would be payable.

On 21 June 2023 Miss P contacted Wave via live chat and said she would clear the arrears by 28 June 2023. The agent sent Miss P an income and expenditure form to complete.

Miss P returned the form on 26 June 2023. On 30 June 2023 Miss P received a termination notice advising her that her account had been defaulted and closed on 26 June 2023.

Miss P complained to Wave. Wave didn't uphold the complaint. It said the default had been applied fairly.

Miss P remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. They said they were satisfied that Wave correctly issued the Notice of Default on 31 May 2023 because the account was 4 months in arrears at this point. The investigator said that Wave had correctly defaulted and terminated the account on 26 June 2023 because the arrears hadn't been paid by the date specified in the Notice of Default.

Miss P didn't agree. She said she contacted Wave within the timeframe specified in the Default Notice and had set up a direct debit mandate.

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 know it will disappoint Miss P, but I agree with the investigator's opinion. I'll explain why.

I've reviewed the account history. I can see that Miss P missed a payment in December 2022 and a Notice of Sums in Arrears (NOSIA) was sent to her on 31 December 2022. In January 2023 Miss P's payment was late, and in February, March and April 2023 no payments were made. Further NOSIA's were sent to Miss P on 1 April and 1 May 2023.

I can see that Miss P contacted Wave by email on 11 May 2023 to explain that she was having difficulties with the app. Wave replied to Miss P and advised her of other ways in which she could make payment.

Miss P didn't make a payment in May 2023. By this time, the account was 4 months in arrears. A Notice of Default was issued on 31 May 2023 which made it clear that Miss P needed to pay the arrears by 21 June 2023 to avoid the account being defaulted and terminated.

I can see that Miss P made a payment of £20 on 7 June 2023. This was within the timeframe specified in the Default Notice, but it wasn't enough to pay the arrears, which by that time stood at £180.20.

I can see that Miss P contacted Wave on 21 June 2023 and said she would make a payment on 28 June 2023. She also said she would set up a direct debit.

I've thought about whether Wave acted fairly when it defaulted the account. Having reviewed the account history and the communications between Wave and Miss P, I'm satisfied that the default was fairly applied. I say this because the account was 4 months in arrears. The ICO guidelines state that a lender can default an account once it reaches between 3- and 6-months arrears. Wave had sent Miss P several NOSIA's and had made the timeframe for payment of the arrears clear to Miss P. I appreciate that Miss P contacted Wave within the timeframe and made a promise to pay but she didn't clear the arrears by 21 June 2023 and accordingly I think Wave acted fairly when it defaulted and terminated the account.

Because Miss P didn't clear the arrears within the timescale specified in the Notice of Default, I'm unable to say that Wave made an error when it defaulted the account and reported the default on Miss P's credit file.

All lenders are under an obligation to report accurate information to the credit reference agencies. I'm unable to ask Wave to amend Miss P's credit file unless there has been an error in the way the default has been obtained or reported. In this case I haven't found any evidence that Wave has made an error.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 18 January 2026.

Emma Davy
Ombudsman