

## The complaint

Mrs K is unhappy that Zempler Bank Limited defaulted her account.

## What happened

Mrs K has a credit card account with Zempler that had fallen into arrears. On 24 July 2024, Mrs K spoke with Zempler and agreed a payment plan whereby Mrs K wouldn't be able to undertake any further spending on the card, and interest and charges would be frozen so that the account balance didn't increase. Mrs K would then pay £20 per month to clear the arrears and reduce the balance of the card until such time as she could resume making payments on the cards on the standard contractual terms.

It was agreed on that call that the first £20 payment would be due on 26 August. However, Mrs K didn't make a payment in August and only started making £20 payments in September. This meant that her arrears repayment plan immediately fell into arrears itself. And because Mrs K didn't make up the August payment that she'd missed, this led Zempler to issue a default notice to her in December and to later default her account. Mrs K wasn't happy about this, so she raised a complaint.

Zempler responded to Mrs K but didn't feel that they'd done anything wrong. Mrs K wasn't satisfied with Zempler's response, so she referred her complaint to this service. One of our investigators then looked at this complaint and liaised with Mrs K and Zempler about it.

During our investigator's review, Zempler offered to rescind the default and remove the adverse credit reporting as a gesture of goodwill but didn't feel that they'd acted unfairly such that any compensation to Mrs K was merited. But our investigator felt that Zempler shouldn't have defaulted Mrs K's account at all and said that as well as rescinding the default and removing the adverse reporting, Zempler should pay £100 compensation to Mrs K. Zempler didn't agree with the view of this complaint put forward by our investigator, so the matter was escalated to an ombudsman for a final decision.

## 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 issued a provisional decision on this complaint on 26 November 2025 as follows:

*I feel that Zempler's offer to rescind the default and remove the adverse reporting from Mrs K's credit file is generous, although ultimately fair. But I don't feel that Zempler should reasonably be instructed to pay any compensation to Mrs K for what's happened here, because I feel that Mrs K herself could and reasonably should have acted differently to how she did.*

*It must be remembered that when Mrs K called Zempler in July, her account was already three months in arrears – because Mrs K hadn't made payments to the account for the previous three months. On the July calls, Mrs K explained that she was experiencing*

*financial difficulty, and because of this Zempler agreed to a £20 per month reduced payment plan to help Mrs K recover the position of her arrears.*

*It's clear from listening to those calls that Mrs K was aware that the first payment on that plan needed to be made the following month, by 26 August. But Mrs K didn't make that payment, and so the payment plan she'd agreed to reduce her account arrears, fell into arrears itself.*

*Mrs K may argue that she had trouble setting up a standing order to make that payment. But if that were the case, it didn't absolve Mrs K of her responsibility to have made a payment in August. And if Mrs K didn't have a standing order set up in time, I would reasonably have expected her to have made that payment by another channel, such as by calling Zempler or making a one-off bank transfer – alternative payment channels that were explained to Mrs K by Zempler during the July calls.*

*When an account holder doesn't make a minimum payment to a credit account while the account is under standard contractual terms (i.e. not in a payment plan) then it's usually the case that a missed payment notification is sent to that account holder automatically.*

*However, when an account is on a payment plan, and so isn't being administered under standard contractual terms, that often doesn't happen. This is because the onus is on the account holder to adhere with the requirements of the payment plan that's been agreed.*

*In this instance, when Mrs K didn't make the first £20 payment due on the plan in August, Zempler didn't send any notifications to Mrs K that the payment hadn't been made or try to call her about the missed payment. As such, while Mrs K should reasonably have known that she had to make a payment in August – given that she'd agreed and confirmed that she would on two separate calls – I feel that Zempler could and reasonably should have reached out to Mrs K in some form when she didn't make a payment in August. And the fact that they didn't is the only reason that I feel that the default that they later applied is unfair – although I acknowledge that if they had, Mrs K may have made up the missed payment.*

*Ultimately, Mrs K should have made a payment in August, regardless of whether she had a standing order set up or not. When Mrs K didn't do so and didn't make up that missed payment over the following months, I feel that Zempler should have reached out to her and given her an opportunity to make up that missed payment before they issued a default notice to her.*

*For that reason, my provisional decision here is that Zempler must rescind the default and consider Mrs K to have been in an arrangement from September 2024 onwards, when Mrs K began making payments.*

*This means that Zempler should report – from September 2024 onwards – that Mrs K was in an arrangement that she adhered to, and that their reporting for August 2024 should reflect a further missed payment from Mrs K while the account was under normal contractual terms. This may mean that the account arrears that Mrs K is reducing while on the payment plan is considered to be £20 more than what it was in July when Mrs K agreed to the plan.*

*However, I don't feel that Zempler should fairly be instructed to pay any form of compensation to Mrs K for what's happened here, because I feel that the root cause of what has happened is that Mrs K didn't pay a £20 payment in August that she should reasonably have known that she had to pay. And because of this, I will not be instructing Zempler to pay any compensation to Mrs K.*

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Zempler responded to my provisional decision and confirmed that they were in acceptance of it. Mrs K also responded and said that she was asking for compensation for the trouble and distress that Zempler caused her by issuing a default notice on a plan she hadn't failed to make a payment on. Additionally, Mrs K explained that she remembered setting up a standing order with Zempler and told them that the start date would be September.

However, having listened to the call in question, I can only reiterate that the first payment was due in August. This makes sense, given that Mrs K was speaking to Zempler in July, which necessarily entails that a payment would need to be made to the account in August. And, as explained previously, on the 24 July calls, Mrs K clearly states that she will set the standing order up to make the first payment in August – as she was told she would need to by Zempler.

Mrs K didn't make an August payment, and so the payment plan failed at the first hurdle. The only reason I'm instructing Zempler to rescind the default is because they didn't reach out to Mrs K and prompt her to make the August payment that she had missed.

Ultimately, it remains my position that everything about which Mrs K complains here took place because she didn't make a £20 payment in August that she reasonably should have made. And because of this, I don't feel that Zempler should fairly be considered responsible or accountable for any trouble or distress that Mrs K incurred, which means that I won't be instructing them to pay any form of compensation to Mrs K.

It therefore follows that my final decision here is that I uphold this complaint in Mrs K's favour on the limited basis as described in my provisional decision letter. I hope that Mrs K will understand, given what I've explained, why I've made the final decision that I have.

### **Putting things right**

Zempler must rescind the account default and remove any adverse reporting from Mrs K's credit file from September 2024 onwards, reporting from that time that Mrs K was in an arrangement.

### **My final decision**

My final decision is that I uphold this complaint against Zempler Bank Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 1 January 2026.

Paul Cooper  
**Ombudsman**