

## **The complaint**

Miss A complains Salary Finance Loans Limited unfairly defaulted her loan agreement.

## **What happened**

In November 2023, Miss A entered a Fixed Sum Loan Agreement with Salary Finance, borrowing £7,000, repayable over three years.

In March 2025, Salary Finance defaulted the agreement on the basis Miss A had fallen into arrears with the loan and hadn't remedied this breach as required by the notice of default it issued in February 2025.

Miss A consequently complained. She said she'd never received a notice of default, so it was unfair for Salary Finance to default her agreement and pass this information to credit reference agencies (CRAs). Miss A was also unhappy Salary Finance had continued to accrue arrears when it had agreed to a 30 day hold in November 2024.

Salary Finance doesn't agree it's done anything wrong. It says it is required to send a notice of default in the post and sent this to the address Miss A had provided when agreeing to the loan. As Miss A's loan was in arrears for more than three months, Salary Finance said it was reasonable in its decision to default the agreement and didn't agree to remove the default from Miss A's credit file.

Unhappy with Salary Finance's response, Miss A referred her concerns to the Financial Ombudsman. One of our Investigator's looked into what happened and thought Salary Finance had been reasonable in the steps it had taken, so didn't think it needed to do anything further.

Miss A disagreed with our Investigator's opinion. She said her address was complex and Salary Finance hadn't taken that into consideration when considering her complaint. Miss A also said Salary Finance failed to reinstate her direct debit when she requested this and that she'd spoken to the firm while her account was in arrears, but it had never mentioned the notice of default.

As the matter wasn't resolved, 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.

I've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

I've started by considering whether Salary Finance was fair in its decision to default Miss A's loan agreement. The Information Commissioner's Office (ICO) says that when a consumer is

at least three months behind with their payments then a default may be registered. It also says it would expect a default to be registered by the time the consumer is six months behind with their payments. That's what happened here.

Miss A was in a sustained period of arrears – beginning in November 2024 with no payment being made to remedy the breach, as set out in the default notice issued in February 2025. Because of this Miss A's loan agreement was terminated and a default reported to CRAs. Therefore, it appears, Salary Finance complied with the guidance set out by the ICO and was reasonable in its decision to default the account given the persistent state of arrears.

Salary Finance is also required to report accurate information to CRAs to reflect how a person has managed their account. I'm satisfied that Salary Finance reporting missed payments, and a default is an accurate reflection of how Miss A has managed the account, and so I don't find the reporting to be unfair or inaccurate.

I note Miss A is unhappy that Salary Finance considered her account in arrears after the November 2024 payment wasn't made, although she's informed it of this. While Miss A was proactive in speaking with Salary Finance at that time, I don't find it was unreasonable to consider this missed payment as arrears on her loan as this was a fair reflection of Miss A's payment history. So again, I haven't seen anything to say Salary Finance was unreasonable in defaulting the loan account when it did.

I've therefore gone on to consider Miss A's concerns that Salary Finance didn't do enough to make her aware the account was at risk of being defaulted. Miss A has explained that her address can be complex as there are multiple addresses linked to the postcode, so Salary Finance should also have sent the notice of default via email.

It's a requirement that Salary Finance send certain documents in writing, and this includes a notice of default. So, while I'm sorry to hear Miss A may not have received this, as it may have been lost in transit, I haven't found this was due to an error made by Salary Finance.

Salary Finance wrote to Miss A at the address it had been provided when Miss A applied for the loan, setting out that she was in breach of her agreement and what she needed to do to remedy this. So, I haven't found Salary Finance made an error in how it communicated this to Miss A, as it wrote to her at the correspondence address it had been given, and I haven't seen anything to say it was made aware letters may not reach this address.

As a result, while I appreciate this answer will come as a disappointment to Miss A, I find Salary Finance was reasonable in its decision to default her agreement and haven't found it made an error in how it corresponded with her about this. As a result, I won't be asking Salary Finance to do anything further in relation to this complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 4 February 2026.

Christopher Convery  
**Ombudsman**