DRN-6045741

The complaint

Ms A complains Shop Direct Finance Company Limited ("SDFCL") treated her unfairly when it recorded a default on her credit file.

What happened

Ms A has a running credit account with SDFCL. The last full contractual payment she made towards the account before the events in dispute was 18 November 2024.

On 6 December 2024, Ms A contacted SDFCL and told it about her financial difficulties and vulnerable situation due to issues with her ex-husband.

On 10 December 2024, SDFCL said it had put Ms A's account on hold for three months and suspended interest and late payment fees during that period, but arrears would still accrue.

On 7 February 2025, Ms A told SDFCL she was seeking debt advice. SDFCL said it would keep the account on hold and asked Ms A to return an income and expenditure form so that it could consider a suitable repayment arrangement. On 10 March 2025, SDFCL told Ms A it had placed a further three-month hold on her account.

Ms A then made three payments of £20 (on 3 May 2025, 30 May 2025, and 24 June 2025). These payments didn't bring the account up to date, and the account remained in arrears.

SDFCL said it emailed Ms A on 4 June 2025 to warn her it would register a default because she hadn't met her contractual repayments. It also says it sent her a default notice letter on 20 June 2025. Ms A said she didn't receive either correspondence.

SDFCL went on to terminate the agreement and register a default with the credit reference agencies ("CRAs").

On 25 September 2025, taking account of Ms A's personal circumstances, SDFCL wrote off the remaining balance and later marked her account as "partially settled" on her credit file.

Our investigator didn't think SDFCL acted unfairly by recording the default. As Ms A disagreed, the complaint has come to me for a 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.

In reaching my decision, I've taken account of the relevant rules and guidance, including the Financial Conduct Authority's Consumer Credit Sourcebook ("CONC") about dealing with customers in arrears, and the Information Commissioner's Office ("ICO") guidance about the reporting of arrears and defaults to CRAs.

I appreciate Ms A's main concerns are:

- whether SDFCL sent her the default warning email and default notice, and
- whether it was fair for SDFCL to register a default when it did, given what it knew about her circumstances.

I've addressed these in detail below.

Default warning and default notice

Ms A says she didn't receive SDFCL's warning email or the default notice. If she had, she said she'd have contacted SDFCL to agree a repayment plan, thereby avoiding the default.

SDFCL provided a copy of the email and attached letter it sent on 4 June 2025. Its records show the email was sent to the same email address on Ms A's credit agreement, which was pulled through from her account application. It also provided system records indicating that on 3 June 2025, a "pre charge off" letter was generated. While the email copy doesn't show a time stamp, taking all the documents together, I think it's more likely than not that SDFCL generated the letter on 3 June 2025 and sent it to Ms A by email on 4 June 2025.

SDFCL also provided a copy of the default notice it says it posted to Ms A on 20 June 2025. The notice required Ms A to repay the balance of £1,398.77 by 9 July 2025 to remedy the breach of contract. SDFCL's system records also contain an entry dated 19 June 2025 saying "Section 87 default notice sent". The default notice was addressed to the same address our service holds for Ms A.

On balance, I'm satisfied it's more likely than not that SDFCL generated the default notice on 19 June 2025 and posted it by 20 June 2025.

I understand it's possible Ms A didn't receive one or both communications. But I haven't seen evidence that SDFCL used an incorrect address.

Overall, I'm satisfied SDFCL took reasonable steps to correctly issue both the warning and default notice to Ms A — either of which I'd have considered sufficient to put Ms A on notice that SDFCL planned to register a default. If Ms A didn't receive them, it's unlikely due to an error by SDFCL. So I don't find it was unfair that SDFCL proceeded to register a default.

Debt support

The Financial Conduct Authority's Consumer Credit Sourcebook (CONC) contains rules and guidance about how firms should deal with customers who are in arrears. In particular, CONC says firms should treat such customers with forbearance and due consideration.

When deciding what forbearance and due consideration is appropriate, firms must consider the individual circumstances of a consumer that a firm is, or ought reasonably should be, aware of. CONC also gives various examples of the support firms should offer its customers, such as referring consumers to free and impartial debt advice from not-for-profit bodies and suspending interest and charges.

Here, SDFCL did provide forbearance. It put the account on hold and suspended interest and charges for two consecutive three-month periods from around 10 December 2024. It also provided debt-advice information and asked Ms A to complete an income and expenditure form so it could assess what (if anything) she could realistically afford.

SFDCL didn't receive a completed income and expenditure form from Ms A. In those circumstances, it had limited information about Ms A's finances and couldn't reasonably be

expected to agree to a sustainable repayment plan without understanding her full income and outgoings. And while Ms A made three £20 payments between May and June 2025, the account remained in arrears and no repayment plan had been agreed.

The ICO provides guidance on when it's appropriate for a firm to record a default with the CRAs. That guidance indicates that a firm can generally record a default when an account is around three months in arrears, and that (where no repayment plan has been agreed), it should normally do so by the time the account is around six months in arrears.

By the time SDFCL issued its default warning and then the default notice in June 2025, the account had been in persistent arrears for around six months, with no agreed repayment plan. In line with ICO guidance, that is generally the latest point a firm should wait before registering a default in these circumstances. So, while I appreciate why Ms A feels SDFCL should have delayed further because of what she was going through, I don't think SDFCL acted unfairly by recording the default when it did.

Finally, I note that SFDCL later wrote off the balance and updated the entry on Ms A's credit file to show the account was "partially settled". Overall, I'm satisfied SDFCL treated Ms A with appropriate forbearance and due consideration, and I'm not persuaded it needs to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 20 March 2026.

Alex Watts
Ombudsman