

The complaint

Mrs W is unhappy that Next Retail Limited, trading as Next, didn't default her account earlier and won't backdate the default to reflect the point she says her account first fell into long-term financial difficulty.

What happened

Mrs W had a credit account with Next with an outstanding balance. In May 2024, Mrs W engaged the services of a debt-advisory charity ("DAC") and entered a debt management plan with them. The DAC contacted Next on Mrs W's behalf, explained Mrs W's financial position to them, and proposed that Mrs W should pay £5 per month to Next to clear her outstanding balance with them. The DAC's correspondence shows they provided Next with a standard debt repayment proposal offering token payments but didn't describe Mrs W's situation as long-term financial difficulty or ask Next to default Mrs W's account.

Next accepted the proposal and, from May 2024, they placed Mrs W's account onto what they call a Reduced Payment Plan. Under this plan, the contractual minimum payment on the account was lowered to £5 per month, and interest was either frozen or later refunded where it had been charged in error. Next continued updating Mrs W's credit file each month, showing a missed payment in May 2024 and arrangement markers from June 2024 onwards while the reduced-payment plan was in place.

Mrs W continued to make the agreed £5 payments, and Next continued to treat the plan as a short-term arrangement. In July 2025, over a year after the plan had begun, Mrs W contacted Next directly and asked them to default her account. After this request, Next issued a default notice in August 2025 and reported a default in September 2025.

Mrs W later complained to Next, saying they should have defaulted her account much earlier, specifically, around 3–6 months after she entered the debt management plan, and that the default should now be backdated to reflect that. Next didn't agree to backdate the default but apologised for some inconsistent information Mrs W said she'd been given and paid her £50 for the poor service. Mrs W then referred the complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Next had acted unfairly in how they'd administered Mrs W's account as Mrs W felt was the case and didn't uphold the complaint. Mrs W remained dissatisfied, 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.

Mrs W feels that Next should have defaulted her account within three to six months of her entering a debt-management plan in May 2024, and she feels their delay in doing so has extended the negative impact on her credit file beyond what's fair.

When the DAC first contacted Next in May 2024, they proposed that Mrs W should make token payments of £5 per month towards the account. The DAC didn't describe Mrs W's financial difficulty as long-term, nor did they ask Next to place the account on a default-repayment plan. Instead, the proposal was framed as a standard repayment plan offering reduced payments. Next acted on that information by placing the account on what they consider a short-term reduced-payment plan. That meant the minimum payment was lowered to £5 per month and interest wasn't added. Where interest was later charged in error, Next refunded it. I think these were fair and proportionate steps for Next to take in response to the information they received from the DAC about Mrs W's financial position.

Mrs W kept to the agreed £5 payments for the duration of the arrangement. Under the relevant industry guidance, including the principles for reporting arrears and arrangements, a lender would not normally record a default while a temporary payment arrangement is being maintained. This is because a default is intended to reflect the point at which the relationship between the parties has broken down. Here, the arrangement was being kept to, and the account balance was gradually reducing. Because of this, I don't think it would have been appropriate for Next to record a default during that period.

Mrs W says several of her other creditors defaulted her accounts in mid-2024, and she feels Next should have done the same. I appreciate why she feels that way, but each lender makes its own decision based on the information it receives and the type of arrangement it accepts. The documents from the DAC show all non-priority creditors were offered the same token payment, but the DAC didn't instruct any creditor to default Mrs W's account. It was therefore for each creditor to decide how to treat the arrangement. The fact that some defaulted the accounts early doesn't mean all creditors were obliged to do so, especially where the arrangement was being maintained.

I understand that Mrs W's main concern is not that she suffered immediate detriment at the time, but that the default recorded in September 2025 will now remain on her credit file for longer than the defaults applied by her other creditors. I can appreciate why she finds that frustrating. But having looked carefully at the evidence, I don't think the later default date results from anything Next did unfairly. Next acted on the information they were given by the DAC, which presented Mrs W's circumstances as suitable for a short-term repayment arrangement rather than a long-term difficulty requiring a default.

In those circumstances, it was reasonable for Next to continue treating the account under the temporary plan rather than defaulting it earlier. If Mrs W had specific concerns about aligning the timing of defaults across her creditors, or if she wanted Next to treat her account as being in long-term financial difficulty from the outset, it would have been for her to make this clear to the DAC at the time so that their instructions to Next reflected that. As it happened, it wasn't until July 2025 that Mrs W asked Next directly to default the account, and once she did so, they took the appropriate steps to issue a default notice in August 2025 and record the default in September 2025. In the circumstances, I think Next's actions were fair.

Next did apologise for some inconsistent information Mrs W said she'd been given when she contacted them in July 2025, and they paid her £50 for the inconvenience. I think that was an appropriate response to the service issues identified, but I don't feel those service issues have any tangible impact on the primary aspect of Mrs W's complaint.

Overall, based on everything I've seen, I don't find that Next acted unfairly in how they administered Mrs W's account or in when they chose to record the default. I also don't think it would be fair or reasonable to require them to backdate the default, given the arrangement that was in place which Mrs W maintained and the information Next had at the time.

All of which means that I won't be upholding this complaint or instructing Next to take any further or alternative action. I realise this won't be the outcome Mrs W wanted, but I hope that she'll understand that it isn't the role of this service to align default dates across different creditors. Instead, my task is to assess whether Next acted fairly based on the information they had, and for the reasons explained above, I'm satisfied that they did so here.

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 Mrs W to accept or reject my decision before 13 April 2026.

Paul Cooper
Ombudsman