

The complaint

Mr L is unhappy that FIRST RESPONSE FINANCE LIMITED (First Response) recorded a default on his credit file after he returned the car provided to him under a hire purchase agreement.

What happened

In August 2024 Mr L was supplied with a used car through a hire purchase agreement with First Response. He paid a deposit of £500 and the agreement was for £14,659.20 over 36 months; with 36 monthly payments of £407.20.

Mr L complained that First Response recorded a default on his credit file. He said the dates and the amounts recorded on the default were wrong. He also complained that he was not issued with a statutory notice of default prior to First Response reporting it to the Credit Reference Agencies.

Mr L said that he agreed to return the car that was the subject of this agreement to First Response in September 2025. He said that First Response recorded the default after the car had been returned. He said they reported his account as defaulting in November 2024 despite his credit file being updated in September 2025.

He's also unhappy that the default amount was showing as £14,000 despite him being provided with a settlement figure of £10,608.

First Response did not uphold Mr L's complaint. They said they issued an arrears notice to Mr L on 19 October 2024. They said this specifically warned of the possibility of "*updating of your credit file with arrears and default which will make obtaining credit in future more difficult*" if the arrears continued to increase.

They said they then issued a notice of default on 4 November 2024 followed by a Notice of Termination on 26 November 2024.

They said they received payments from 19 February 2025 until May 2025, so they took no action until this point. They said payments continued to be missed. They said they gave Mr L ample forbearance to make alternative arrangements. They said this didn't happen, so they issued a pre-repossession notice on 5 July 2025. They said they didn't hear from Mr L and the account defaulted.

Mr L was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator said First Response had acted fairly and in line with the terms of the agreement.

She said First Response had given Mr L time to make alternative arrangements before it applied the default to his credit file. She also said the information it had recorded was correct.

Mr L didn't agree with the investigator. He said there was no justification for First Response entering the default in November 2025 and backdating it to a date more than a year earlier. He also asked if First Response had evidenced they'd sent the default notice as he said he never received it.

He also questioned how First Response had calculated the current outstanding balance to be £5,960.

Because Mr L didn't agree, this matter has been passed to me to make 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr L was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Mr L entered into the hire purchase agreement in August 2024. The agreement he signed stated that he would pay 36 monthly payments of £407.20. Term 3 of the agreement is relevant to this complaint. It states that:

3.2 You agree to pay to us The Total Amount Payable (less any Deposit paid) by the payments and at the times shown in this Agreement.

3.3 It is essential that you make all payments in full and on time.

The first page of the agreement includes a warning that missing payments could have severe consequences, including the possibility of First Response taking possession of the car.

This is further explained in Term 9 of the agreement. Headed "*consequences of missing payment*", it explains that a default may be recorded to a credit reference agency, and the agreement may be terminated if "*you are late in any of your payments*".

Mr L missed his first payment. I can see from the notes provided by First Response that he did speak to them about the first payment due. It appears he was surprised the first payment was due on 18 August 2024 as he hadn't yet picked up the car. He was told that he would be in arrears but he had until 18 September 2024 to make the payment.

Payments were attempted on 18 September 2024 and 31 October 2024, but these payments failed. Mr L continued to miss payments or pay lower than the amount set out in the agreement. This led to increasing arrears and then the termination of the agreement.

Mr L disputes receiving a copy of the notice of default. First Response say they issued it on 4 November 2024. I've seen a copy of that Notice. I see that it was addressed to the same address on the agreement and that Mr L provided to this service.

So I'm satisfied that it was more likely than not that the notice was sent to Mr L and he received that notice.

A default notice must be issued before a lender, like First Response, can take certain steps, including terminating the agreement or demand early payments of sums due. The notice sent to Mr L clearly explained the reasons it was issued: because he had breached term 3 of the agreement as he had missed payments due on 18 September 2024 and 18 October 2024.

So I'm satisfied that it was fair and reasonable for First Response to issue the default notice.

That notice gave Mr L eighteen days to satisfy the notice by paying the full arrears. He made one month's payment. So, because he failed to clear the arrears, First Response issued a notice of termination on 26 November 2024.

First Response said they allowed forbearance – they gave Mr L time to clear the arrears. He had agreed to weekly direct debit payments of £110, but these failed, and the arrears continued to grow.

I can see that they spoke with Mr L in February 2025 when he said he would catch up with the arrears. It looks like the weekly payments were now successful, but no attempt was made to clear the arrears, despite Mr L saying he would make payments online. It appears to me that the arrears were increasing with no evidence that they would be cleared.

I've reviewed the credit reference file information provided by Mr L. I'm satisfied the information is correct. It records the default from November 2024. That is when Mr L failed to comply with the default notice sent at the beginning of November 2024, after he had breached the terms of the agreement he entered into.

Mr L says it is unfair that First Response didn't record the default until December 2025. First Response say that they didn't record the information sooner as they gave Mr L time to find alternative arrangements. I accept that reason. But I've gone onto consider the impact on Mr L.

It is right that the default is recorded for the reasons I've already given. It's important to note that a default will stay on a credit file for six years from the date of the default. Whilst First Response could've recorded the default sooner, the key date is the date of default not the date it is recorded. In this case that is November 2024, and not December 2025. So this default will be removed six years from November 2024, not six years from December 2025. So I'm satisfied that First Response recorded the default date accurately on Mr L's credit file.

I'm also persuaded from the limited information provided that the amounts recorded on the credit file are likely to be correct. The starting balance is £14,659 and that is what is shown on the agreement. The amounts shown on the different screenshots Mr L has provided match the balance shown on the table provided by First Response. For example, one image provided by Mr L shows a balance of £13,333 – this is the balance showing on First Response's file at 2 April 2025. So it appears that the outstanding balance reflected what payments Mr L made.

At the time of submission the car that was the subject of this agreement had not been sold. So the information was correct at that point.

So I'm satisfied that First Response acted fairly and reasonably and in line with relevant guidelines set out by the FCA and ICO.

If they have not already done so, I'd expect First Response to provide Mr L with information about the outstanding arrears and how this had been calculated. Mr L owes the arrears, and I remind First Response to treat him with forbearance and due consideration when agreeing how the arrears should be cleared.

But I won't be requiring First Response to take any steps to resolve this complaint.

My final decision

For the reasons explained, I don't uphold Mr L's complaint about FIRST RESPONSE FINANCE LIMITED.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 17 February 2026.

Gordon Ramsay
Ombudsman