

The complaint

Miss M complains about Hutchison 3G UK Limited trading as Three ('H') registering a default on her credit file in respect of a finance agreement she took out with it.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

In November 2023 Miss M signed a finance agreement with H to fund a mobile phone handset.

The finance agreement fell into arrears in January 2025 with ongoing missed repayments. This led to H eventually terminating and defaulting the account.

Miss M got in touch with H after to complain about the default. In summary, she said it was unfair of H to default her as she wasn't made aware of the arrears. She told it that her adult nephew manages everything on the account – and he had been very unwell.

H did not agree it had acted incorrectly in notifying Miss M of the arrears or registering the default. However, it agreed to pay her compensation for something else.

Miss M escalated her complaint to this service. She says she will pay the outstanding amount owed if the default is removed. Our investigator did not uphold the case so it has been passed to me 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. Furthermore, despite any party referring to other decisions by this service – my decision is made on the particular circumstances here.

I have carefully read what Miss M has said and want to say I am very sorry to hear about the situation she has described supporting family members with health difficulties. I wish her family well for the future.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. In the particular case here, concerning the registration of defaults I consider the guidance issued by the Information Commissioner's Office ('ICO') around the registration of information on credit files (including defaults) to be particularly relevant.

Was H registering a default an accurate reflection of the account status?

The ICO explains that credit files need to be an accurate reflection of account status at the time, and that the recording of a default is reflective of the relationship between the lender and the borrower having broken down. It might occur when the borrower has difficulty repaying a debt over a prolonged period – usually 3-6 months.

In this case there appears to be no dispute the finance agreement fell into arrears. From what I can see this was because around January 2025 a direct debit that serviced the account was cancelled. H says this was cancelled by Miss M's side, and I have no persuasive evidence to show otherwise. This then led to at least three months of arrears which resulted in an eventual default notice being sent to Miss M dated 10 April 2025. It required payment of the arrears by 1 May 2025 to avoid termination. However, as payment was not made H terminated the agreement and registered a default.

While I appreciate three months of arrears is at the lower end of the range the ICO guidance discusses for registering a default – it does not prohibit a default in such circumstances. And here I note that (at least from H's perspective) there was no explanation or engagement from Miss M as to why the direct debit had been cancelled and payments were not being made during this period. Furthermore, I note that around the time the default notice was issued – a fourth payment also went unpaid.

So, on the face of it I can't fairly say that H registering a default when it did was an inaccurate reflection of the account status at the time.

Is there some other reason it wouldn't be fair to reflect the account as defaulted?

I note here that Miss M's core argument for removal of the default is that the handset she financed was being used by her nephew and he dealt with any affairs related to the phone. But because he was seriously unwell, he was unable to do this or let Miss M know the account was in arrears.

Once again I am very sorry to hear about Miss M's nephew's health challenges. However, my starting point is that the finance agreement is between H and Miss M – not H and her nephew. So it is ultimately Miss M's responsibility to ensure the contractually agreed payments are made on time. The finance agreement clearly explains that it is Miss M who is required to pay the monthly amounts shown on the due date by direct debit – and that if she doesn't it could lead to negative credit reporting for her and termination of the finance agreement.

Miss M says she didn't have any notification of the arrears on the account. H said it sent reminders (and information about support/how to get in touch) to the current email provided on the account, along with the address and phone number used to open the account. And it has provided credible evidence – including system notes to show this was the case. So I think sufficient notice of the situation was sent by H in order that Miss M could act on this.

Miss M doesn't appear to be denying that H sent notifications about the missed payments and arrears. However, she indicates that she didn't see these messages as these were addressed to her nephew. I don't see any evidence to show that H specifically addressed correspondence to Miss M's nephew – the payment reminders I have seen are written to Miss M (it is her name that appears at the top or in the greeting). The issue appears to be that Miss M had agreed with her nephew that he would manage the account – so it appears at least the email address and telephone number H used to send payment reminders were those in use by her nephew.

I know Miss M says that she was effectively deprived of receiving correspondence like payment reminders as these were sent to her nephew. However, I don't think that is H's fault as these are the contact details that Miss M had provided H for communication with her and it reached out using all these channels before defaulting. I know Miss M says she didn't change the email address on the account and her nephew did this. However, based on what Miss M has said about the arrangement she had with her nephew I can't say this is something Miss M likely didn't authorise (and even if I could conclude this – H used other ways to get in touch with Miss M too).

I also note there appears no dispute that H sent the notice of sums in arrears and default notice by letter to the address Miss M had provided when she took out the finance and where she was living at the time. These letters are clearly addressed to Miss M by name – not her nephew. So, all things considered I can't fairly say H didn't provide Miss M reasonable notice about the status of the account and an opportunity to remedy it (or get in touch for support).

I note Miss M says she was dealing with not only with her nephew being unwell but another family member who was also seriously unwell at the time. I am sorry to hear about this and I don't doubt this was extremely difficult for Miss M and was her priority. However, because she didn't contact H about her circumstances it wasn't able to respond to these. So although Miss M was going through a very difficult time – I am unable to fairly say that H has acted unfairly in not taking this into account in the actions it took.

I also come back to Miss M's key point which is essentially that she didn't know about the arrears in the first place. And had she done so she would have acted. I accept if Miss M didn't know about the arrears she wouldn't have got in touch with H about forbearance at the time in any event. However, this leads back to my other reasoning (above). Central to this is that Miss M's lack of awareness does not stem from the actions of H but the arrangement with her nephew for managing the finance agreement, despite the obligations set out in the contract between Miss M and H. That I consider to be the material issue here. But I can't fairly say that is the fault of H.

My decision isn't intended to be unsympathetic to what Miss M has told us. I am sympathetic to the situation she has described. However, I can't fairly say that H has acted unreasonably either.

I know H has accepted that it made an error in another respect – it appears that when Miss M got in touch after the termination and default to make a complaint H said it would place a hold on collections while it investigated - which it didn't do. It has paid Miss M £50 for this and apologised. This seems fair on the face of it and Miss M isn't focused on this in her complaint to this service – but the removal of the default. So I am not going to consider this point any further.

I know this decision will come as a disappointment to Miss M. I remind her my role is informal – and she is free to reject my decision and consider how she can pursue the matter elsewhere (such as court) seeking relevant advice as she sees fit.

In making my decision I remind H that it needs to treat Miss M positively and sympathetically going forward in respect of any payment difficulties she may have in respect of the outstanding balance.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 February 2026.

Mark Lancod
Ombudsman