

## The complaint

Miss F complains that Madison CF UK Limited trading as 118 118 Money issued a Default Notice despite her having agreed a repayment plan. She's unhappy that she was forced to pay an additional amount to avoid her account being defaulted. Miss F also complains that the 118 118 Money app displayed contradictory account balances and that she was given misleading information when she called.

## What happened

Miss F holds a loan agreement with 118 118 Money. In May 2025 Miss F contacted 118 118 Money and advised that she was experiencing financial difficulties due to having undergone surgery which had impacted her income. A repayment plan was agreed whereby Miss F agreed to pay £70 per month starting on 13 June 2025 and ending on 13 August 2025.

On 9 June 2025 Miss F contacted 118 118 Money and requested to change the agreed payment date of the payment plan. 118 118 Money updated the dates to a start date of 24 June 2025 ending on 26 August 2025. F made a payment of £70 on 25 July 2025 which was part of her repayment plan. She made a further payment of £286.69 on 11 August 2025 which satisfied the amount required on the Default Notice.

Miss F complained to 118 118 Money. She said it was unfair that the Default Notice had been issued because she was engaging with 118 118 Money and trying to manage the account.

118 118 Money didn't uphold the complaint. It said that a repayment plan didn't prevent a Default Notice being issued where the arrears on the account had reached the relevant threshold.

Miss F remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. She said that although a business was not prevented from issuing a Default Notice where a repayment plan was in place, the business still needed to show that it was fair and proportionate to do so. The investigator said she didn't think 118 118 Money had taken into account Miss F's engagement, vulnerability and adherence to the payment plan before issuing the Default Notice. The investigator also said she didn't think 118 118 Money had demonstrated appropriate forbearance, because it had prioritised a Default Notice over a fair assessment of whether default action was necessary or reasonable. The investigator also said that communications around the consequences of the repayment plan could've been clearer in explaining to Miss F that she could still face default action even though she was maintaining the agreed payments. The investigator said that 118 118 Money should pay compensation of £150 to Miss F in recognition of the distress and inconvenience caused by issuing the Default Notice.

118 118 Money didn't agree. It said that if Miss F had maintained a suitable arrangement it would have proceeded with applying the default. It said it had an obligation to issue a Notice of Default when the arrears reached three months and prior to six months. 118 118 Money said it had offered appropriate forbearance through a number of repayment arrangements

and refrained from sending general collections communications, only sending regulatory documentation.

Because 118 118 Money didn't agree I've been asked to review the complaint.

### **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.

118 118 Money has said that it was obliged to issue a Notice of Default because of the level of arrears. I've reviewed the account and I agree that the arrears had reached the threshold at which 118 118 Money could issue a Default Notice. I agree that there's nothing to stop a business from issuing a Default Notice whilst a repayment plan is active.

Miss F has said that she felt under pressure to pay the sum required in the Default Notice to avoid the account being defaulted despite having agreed a repayment arrangement which she was maintaining. Miss F has said that this placed her in further financial difficulty and caused her distress. She feels that the information she received from 118 118 Money was contradictory and misleading.

I think the nub of this complaint is about communication. I've approached it from this perspective.

I've reviewed all the available evidence. It's not in dispute that Miss F was engaging with 118 118 Money and had agreed a repayment plan. It's also not in dispute that Miss F was making the required payments under the plan. I can see that Miss F had two conversations with 118 118 Money about the repayment plan. 118 118 Money has said that during both conversations, Miss T was advised that regulatory letters would be sent to her in line with the Consumer Credit Act which might include a Notice of Default, a Notice of Sums in Arrears or a Notice of Termination.

I agree with the investigator that the information provided to Miss F when she set up the repayment plan could've been clearer. In particular it should have been explained to Miss F that setting up a repayment plan wouldn't prevent the account from being defaulted and terminated. I also think 118 118 Money should have explained to Miss F that the arrears on her account would continue to be reported and would therefore impact her credit file. This explanation would have enabled her to make an informed decision as to whether to proceed with the payment plan. If Miss F had decided – with the benefit of that clear explanation – to proceed with the payment plan, I don't think she would have been so distressed when she received the Default Notice, because she would have been prepared for this.

118 118 Money has said that it wouldn't have issued the Default Notice if Miss F had agreed a "suitable plan" and has commented on the length of time it would have taken Miss F to repay the debt. However, it isn't clear from the information available why 118 118 Money agreed the £70 plan with Miss F if it wasn't considered suitable.

On balance, I don't think 118 118 Money treated Miss F fairly, because it didn't explain the possible consequences of the payment plan to her clearly enough.

I've reviewed the CAIS data and I can see that the account wasn't defaulted. Based on what I've seen, 118 118 Money has correctly reported the arrears, I won't be asking it to amend Miss F's credit file.

In conclusion, whilst I can't say that 118 118 Money made an error when it issued the

Default Notice, I don't think it has treated Miss F fairly here, because it failed to provide a clear enough explanation of the implications and consequences of the payment plan. This lack of explanation has caused unnecessary distress to Miss F. I agree with the investigators compensatory award of £150.

### **Putting things right**

To put things right Madison CF UK Limited trading as 118 118 Money must pay compensation of £150 to Miss F for the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold the complaint. Madison CF UK Limited trading as 118 118 Money must pay compensation of £150 to Miss F for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 31 March 2026.

Emma Davy  
**Ombudsman**