

The complaint

Ms S complains about the handling of her credit card account by ONMO Limited (Onmo).

What happened

Ms S began to miss minimum payments on her credit card account in April 2024. This led Onmo to instruct a debt collection agency (DCA) to collect the arrears.

Onmo said the DCA was instructed only to collect the arrears, so Ms S needed to maintain her monthly minimum payments alongside payments to the DCA. Ms S said she believed the debt had been sold to the DCA and her account closed, so she thought the payments she was making to the DCA were clearing the full balance with Onmo.

When Onmo contacted Ms S about the remaining balance on her account in mid-2025, Ms S complained, as she thought she'd made all required payments.

Onmo sent Ms S their final response to her complaint in July 2025. They removed any interest charged on Ms S's account whilst she was making payments to the DCA, but said there remained a balance to pay, which was accruing arrears. They said Ms S needed to pay the arrears to prevent a default and maintain her contractual payments going forward. Onmo offered Ms S £50 compensation to reflect some poor communication around the time Ms S made her complaint.

Unhappy with Onmo's response, Ms S brought her complaint to this service for investigation. She said she believed she was clearing her total balance with Onmo when making payments to the DCA, she'd had no communication from Onmo about her account while she was making these payments and didn't know she needed to continue to make payments to Onmo and the DCA.

Our investigator gave their view that Ms S's account was sufficiently in arrears that Onmo should've defaulted it no later than June 2024. They said they weren't satisfied that Onmo had been clear in their communications with Ms S, but Ms S ought reasonably to have been prompted by some of this communication to question things further.

Our investigator recommended that Onmo backdate the default on Ms S's account to July 2024, rework the account to reflect no interest or charges from this date and either refund any credit balance to Ms S plus interest, or arrange an affordable payment plan with Ms S for the remaining amount. They also recommended that Onmo pay Ms S a total of £200 compensation to reflect the distress and inconvenience caused.

Onmo agreed to backdate the default and rework Ms S's account, but they didn't agree with the compensation amount. They said, in summary, that Ms S should've queried the outstanding balance on her account, and they had sent arrears notices and monthly statements which set out what Ms S needed to pay.

Our investigator said they hadn't seen any evidence that Onmo clearly communicated to Ms S that only the arrears had been passed to the DCA, and so they were satisfied that £200 compensation was fair and reasonable.

Onmo didn't agree, they thought they'd been clear in the amounts owed by Ms S and communicated with her reasonably.

As an agreement couldn't be reached, the case was passed to me for a decision. I wrote to Onmo to explain that there did appear to have been confusion caused by some of Onmo's communication, and that Ms S had also been put to distress and inconvenience in the default not being registered when it should've been, and interest and charges therefore being applied when they shouldn't have been. I set out that I was minded to say that £200 was fair and reasonable, and asked Onmo for any further comments.

Onmo didn't respond, and so I've gone on 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.

It's not in dispute that Onmo should've defaulted Ms S's account by July 2024. Having regard to this history of Ms S's payments on her account, I'm satisfied that Ms S's account was sufficiently in arrears by July 2024 for Onmo to have issued a default notice at this time. And So Onmo should backdate the default that it applied in August 2025 to reflect that it should've been applied in July 2024, and rework Ms S's account to reflect no interest or charges should've been added to it since that date. Onmo have agreed already to take these steps.

What remains in dispute is the distress and inconvenience suffered by Ms S.

Based on the evidence, I'm satisfied that Onmo could've been clearer in its communications with Ms S that only the arrears on her account were being handled by the DCA, and Ms S has been put to distress and inconvenience in this communication being unclear.

In addition, Ms S has been put to distress and inconvenience in the account not being defaulted when it should've been, and in it accruing charges and interest during this period.

All things considered, I'm satisfied that £200 fairly reflects the distress and inconvenience caused to Ms S.

My final decision

My final decision is that I uphold this complaint, and ONMO Limited must:

- Backdate the default applied in August 2025 to reflect that the account should've been defaulted by July 2024
- Rework the account to reflect that no interest and charges should've been added to it since July 2024
- If the rework results in a credit balance, this should be refunded to Ms S along with 8% simple yearly interest calculated from the date of each overpayment to the date of settlement
- Or, if after the rework there is still an outstanding balance, Onmo should arrange an

affordable repayment plan with Ms S for the remaining amount

- Pay Ms S a total of £200 compensation to reflect the distress and inconvenience caused.

If Onmo considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Ms S how much it's taken off. It should also give Ms S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

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

Zoe Merriman
Ombudsman