

## The complaint

Miss S is unhappy that Black Horse Limited (Black Horse) recorded a default onto her credit file in relation to a hire purchase she had with it.

## What happened

In December 2022, Miss S entered in a hire purchase agreement with Black Horse to acquire a used vehicle. The agreement also funded a cosmetic protection insurance plan which cost £399. Under the agreement Miss S needed to make 48 monthly repayments of £541.55. This was broken down as £531 for the vehicle and £10.55 for the insurance. After the 48 repayments of £541.55, Miss S could choose to purchase the vehicle by paying a 'final repayment' of £18,155.

Miss S missed payments in March and April 2023. Miss S spoke to Black Horse on 3 May 2023 and explained she was waiting to start a new job. She agreed to pay £83.10 immediately and have the direct debit reset back up. The account remained in arrears, but Miss S made her monthly payments until a further missed one in November 2023. This resulted in a default notice being issued on 28 December 2023.

Miss S spoke to Black Horse and said she was back out of work as her employment contract wasn't extended. She said interviews were lined up and was hoping to bring the account up to date by end of February 2024. Black Horse sent links for Miss S to complete an income and expenditure so a payment plan could be arranged. Miss S agreed also to a temporary plan which required a payment of £541.55 by 30 January 2024. A further default notice was issued on 4 March 2024. On 13 March 2024 Miss S confirmed she was back in work and agreed to a payment plan where she would make 6 monthly payments of £617.

In August 2024 another default notice was issued where Black Horse asked for a new repayment plan to be put in place. On 6 September 2024 Black Horse requested an updated income and expenditure from Miss S. This wasn't received but the monthly payments of £541.55 were made.

Following another missed payment in January 2025, Black Horse issued another default notice. Miss S made a payment on 7 March 2025 and spoke to Black Horse on 14 March 2025. Miss S advised she was again out of work but now had a new full-time job. She said she would find out the details of the wage at the end of the month and could then complete an income and expenditure to set up a new repayment plan. It was agreed Miss S would call back on 1 April 2025 to set up the payment plan. Miss S said the usual payment due on 28 March 2025 would be made. Black Horse advised the arrears needed to be cleared by the end of the term at the latest.

Miss S didn't contact Black Horse by 1 April 2025 and further missed payments occurred. So, on 7 May 2025 a final default notice was issued. This resulted in the default being recorded on 30 May 2025. In June 2025, Black Horse wrote to Miss S to confirm it was to start court proceedings in relation to the debt.

In August 2025 Miss S complained to Black Horse about the default and asked for it to be removed. She said this had just come to her attention. Miss S explained that she was made redundant in August 2022 and had since been working on a contract basis till she could get a permanent job. Miss S explained she had lost her step mum on 15 April 2025 which had deeply upset her and meant she couldn't adhere to the 16 April 2025 deadline she says

Black Horse had given for the new income and expenditure. Miss S added she had spoken to the recovery team after receiving the June 2025 letter and agreed a repayment plan.

Black Horse issued its final response on 15 October 2025. In this it said Miss S had explained she had paid the £50 required in the default notice of 7 May 2025 by the required deadline given in it. Black Horse said the arrears in the default notice stood at £2,119.39 and it was this amount it had requested be paid. In addition, Black Horse said multiple letters had been issued to keep Miss S updated with the status of her account and how it could affect her credit file. As a result, Black Horse said it wasn't able to remove the default.

Given this Miss S referred her complaint to the Financial Ombudsman Service. One of our investigators considered the complaint and concluded Black Horse hadn't acted unfairly in recording the default. They said the default letter from 7 May 2025 that requested £42.11 was in relation to the insurance product Miss S had taken out. They added the letter contained a second default notice that clearly said the arrears was £2,119.39 and that needed to be cleared by 27 May 2025. The investigator was satisfied the default notice was sent and that Miss S was aware of the arrears amount.

Miss S didn't agree and in summary said she missed the 16 April 2025 deadline due to the passing of her stepmother. She explained she only received the insurance default and only ever made one monthly payment so it doesn't make sense she would have two defaults.

As Miss S didn't agree, the complaint has been passed to me to decide.

### **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.

I would like to point out I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss S has correctly said she is only required to make one payment each month towards her hire purchase agreement. However, from reviewing the agreement I think it's clear that the monthly repayment of £541.55 is split between the cost of the vehicle and the cost of the insurance product she took out. In section A7 titled "*what you need to pay each month*" the agreement clearly provides the breakdown. So, I think Miss S was made aware she had two elements to the hire purchase agreement she entered into.

I've considered whether Miss S' account was in a position of default at the time it was recorded in May 2025. And I'm satisfied it was. The Information Commissioner's Office (ICO) guidance states a default normally occurs when a credit agreement is three to six months in arrears. At the point Black Horse recorded the default several missed payments had occurred previously, and the arrears were up to £2,119.39 (almost four payments worth). In addition, Black Horse hadn't heard back from Miss S with the new income and expenditure details so it could consider whether it was able to agree to a new payment plan.

I do understand the very difficult time Miss S experienced around March to June 2025 following her step mum being in hospital, sadly passing away and then the funeral. She has my deepest sympathy for her loss. I appreciate Miss S says she was given a deadline of 16 April 2025 to provide the new income and expenditure details. From reviewing the system notes provided by Black Horse I can't see any mention of a 16 April 2025 deadline. The date that appears to have been agreed when Miss S called Black Horse on 14 March 2025 is for the details to be provided by 1 April 2025. I also agree with the investigator that Black Horse wasn't aware of Miss S' circumstances so couldn't take them into account.

So, taking everything into consideration, I think Black Horse acted fairly in issuing the default notice on 7 May 2025. So, I've gone on to consider Miss S' points that she didn't receive the notice for the arrears on the vehicle element of the agreement and that she paid the amount she was told was needed to avoid a default.

Black Horse has provided a copy of what it sent to Miss S on 7 May 2025. This is addressed to Miss S and shows the same address as she provided our service. Black Horse has also provided system screenshots that show the date the document was sent and the number of pages it included. That is given as seven which matches the copy of the letter provided. So, I'm satisfied this was addressed correctly and sent to Miss S.

The letter clearly has two separate defaults included which make up the seven pages. As I've said above, I think Miss S was made aware that her agreement was made up of two elements, so receiving two for each part would make sense. This layout of two defaults was also the same as in the multiple other default notices that had been previously sent.

On the 7 May 2025 letter, one of the default notices clearly says it relates to the insurance product in the credit agreement and explains the arrears are for £42.11. I think it reasonable to say given the amount of correspondence Black Horse had sent previously and given the payments Miss S knew she'd already missed, she was aware her arrears were significantly more than £42.11. So, I don't think her paying the £50 she did on 16 May 2025 has any impact on the decision taken to ultimately record a default on 30 May 2025.

The other default gives the arrears on the hire purchase agreement as £2,119.39 and says this is the amount needed to be repaid by 27 May 2025 to stop the agreement possibly being ended and action taken to recover the vehicle. Miss S didn't pay the £2,119.39, Black Horse didn't hear from her with an income and expenditure despite it being agreed Miss S would call by 1 April 2025 and Black Horse didn't know anything about Miss S's circumstances at that time. Therefore, I'm satisfied the decision to record the default was a fair.

Miss S has said the letter she received in June 2025 said to avoid a default she needed to call to set up a payment plan, which she did. I've reviewed a copy of that letter and don't agree it says a payment plan will stop a default. The letter explains that court proceedings will now be starting due to the arrears unless contact is made. It makes no mention of a default and the starting of court processing indicates that a default had already been recorded.

I appreciate Miss S finds herself in a difficult position and the default is impacting her ability to find work. That unfortunately doesn't mean what Black Horse has recorded should be removed. Black Horse has a duty to record true and accurate information, and I'm satisfied in recording the account as being in default from May 2025, that is what Black Horse is doing.

I've also considered whether I think Black Horse could've possibly defaulted the account earlier than it did. But having done so I don't feel that it should've. Previously the arrears weren't as high, and Miss S was in contact with Black Horse to arrange repayment plans. So, I think the default being recorded in May 2025 was correct.

### **My final decision**

I don't uphold Miss S' complaint against Black Horse Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 11 March 2026.

Paul Blower  
**Ombudsman**