

The complaint

Ms G complains about Clydesdale Financial Services Limited trading as Barclays Partner Finance ('BPF') defaulting her account.

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.

Ms G took out a fixed sum loan with BPF for goods in September 2023. However, because Ms G did not keep up with her monthly payments BPF defaulted the account in September 2024 and recorded adverse information on Ms G's credit file.

Ms G says this is unfair and wants the adverse credit reporting removed. In summary, she says:

- The core issue was caused by a failed current account switch administered between third-party banks (who I will refer to as 'L' and 'S'). This was designed to ensure continuity of payments but the payment to BPF was not transferred across.
- She has a credit card with another company (who I will refer to as 'B') which share part of their name and branding with BPF. And when she contacted it multiple times she was repeatedly told her account was up to date. This mis-advice directly contributed to the delay in resolving the missed payments.

BPF did not agree it had acted incorrectly in respect of its reporting on the credit file and did not uphold Ms G's complaint. But it paid her £50 in respect of errors in its complaint handling.

Ms G escalated her complaint about the credit file reporting to this service. Our investigator did not uphold it and Ms G asked for an ombudsman to look at things again 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.

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. This includes guidance from the Information Commissioner's Office ('ICO') in respect of the principles for the reporting of arrears, arrangements and defaults at credit reference agencies.

On the face of it was it reasonable for BPF to register a default?

The ICO explains the recording of a default is reflective of the relationship between the lender and the borrower having to some extent broken down and might occur when the borrower falls into arrears. The ICO also says that information on credit files should be accurate (in essence these should fairly reflect the account status at the time).

There is no prescriptive rule on when a default should be registered. The ICO explains that as a general guide this may occur from when a borrower is 3 months in arrears and normally by the time they are 6 months in arrears.

Here I note that the reason payments stopped was because the direct debit servicing the account was cancelled on Ms G's behalf in May 2024. Here I note Ms G was 3 months in arrears on her BPF loan when the default notice was served on her in August 2024. So, not outside the timeframe that it is expected a default might reasonably occur.

I acknowledge BPF served a default notice on Ms G at an earlier point within the range the ICO deems appropriate. However, I also note that BPF had not heard from Ms G with an explanation as to why she was missing payments despite it reaching out to her – so I can see why at the time BPF considered the relationship had broken down and didn't have reason to apply more flexibility here.

BPF applied a default in September 2024 – when Ms G failed to satisfy the default notice, had not got in touch with it about any payment troubles, and was now four months in arrears. On the face of it, and with the ICO guidance in mind – I don't think registering a default was an inaccurate reflection of the status of the loan account at the time. So based on this I don't conclude it's fair to remove the reporting.

Is there some other reason why registering a default would be unfair?

I have considered the other things Ms G has said about why it would be unfair for BPF to register a default. I note she has focused on the two main reasons I have summarised in my background above. I will deal with each in turn.

Firstly, I am very sorry to hear about the problems with Ms G's current account switch that she says is the reason her direct debit stopped servicing her BPF loan account. However, BPF is not fairly responsible for this as it was not involved in the switching service. Any complaint about the account switching should be directed to L or S as appropriate.

Secondly, I note that Ms G has referred to the actions of B in confusing her and leading her to believe her account with BPF was up to date. It is important for me to point out here that while B shares some branding with BPF it is a separate legal entity and not the respondent in this case. Ms G is free to complain to B separately if she wishes to – however, the case put before me is in respect of the actions of BPF – so it is only this I will be considering here.

Ms G says that on her phone missed payment reminders from BPF appeared in the same text message thread as messages from B. I am not sure why that would be the case and whether its because of the way the phone organises messages or some other reason related to the way BPF and B send messages. However, I don't consider it is material to the outcome of this case in any event. I say this because I think from the communication BPF sent Ms G it was still reasonably clear it related to missed payments and arrears on Ms G's loan rather than her credit card. I say this because:

- The text of the missed payment SMS messages clearly state these are in respect of Ms G's 'BPF loan' – they do not reference her credit card account with B.
- BPF has provided evidence to show it sent letters to Ms G's correct address (such as in June and July 2024) warning her that her payment had not been received that month and urging her to get in touch to discuss the outstanding arrears. Although these refer to her 'account' they contain her correct loan agreement reference number and they also refer to 'BPF' rather than B. The letters also include the correct contact details for her to get in touch with BPF (the phone number provided appears specific to BPF and is not shared with B).
- BPF has provided evidence to show that it sent the default notice to Ms G's correct address in August 2024. This clearly refers to Ms G's 'Personal Loan Agreement' between her and BPF and includes her loan agreement reference number. It explains what she has to pay and by when to avoid a default and contains the correct contact details for BPF including its specific phone number.

In summary, I acknowledge Ms G's confusion with her credit card account. Especially as it appears that B was communicating with her around the same time about overdue payments (as shown by her June 2024 credit card statement). However, for the reasons I have detailed above I consider that BPF provided sufficiently clear information to show Ms G that she was behind on her loan repayments.

I note that the correspondence is reasonably clear about how Ms G could get in touch with BPF directly to rectify things. Furthermore, I consider this communication (along with the terms and conditions of the loan) are clear about the potential consequences of missed payments in respect of credit file impact. I also note that BPF has provided system notes showing that it made outgoing collection calls to Ms G about her arrears – and while not critical to my findings they add to my overall finding that BPF took reasonable steps to notify Ms G about the situation, how to avoid it, and the consequences of not doing so.

I note Ms G has shared details of a specific condition which she says played a role in her not recognising the communication was from BPF in respect of her loan account. I thank Ms G for sharing this personal information. However, I don't have any persuasive evidence that BPF had been made aware of this (and any specific communication preferences requested in connection) prior to it defaulting her. So I can't fairly say BPF is at fault for not tailoring its communication in a specific way that could have assisted Ms G here.

I know Ms G has made it clear to this service that she is extremely upset about what has occurred and that it isn't reflective of how she usually manages her finances. But I also can't fairly say that BPF has made an error in the particular circumstances here. I know Ms G got in touch with BPF to explain things but she seems to have spoken to it after the default had already been added. So I don't think it would be reasonable for me to say it needs to do something now to correct matters. However, Ms G may wish to look into adding a notice of correction to her credit file to provide further explanation for the situation for any lender who accesses it in future.

I remind Ms G I am not looking at the actions of B, S or L here. Furthermore, my role in respect of the actions of BPF is informal. Ms G is free to decline my decision and consider pursuing this matter through other avenues (such as court) if she considers that an appropriate course of action.

My final decision

I don't uphold this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or

reject my decision before 16 March 2026.

Mark Lancod
Ombudsman