

The complaint

Mr D complains he was given incorrect information about a default being applied to his credit file, in relation to an agreement he held with EUI Limited trading as Elephant (“Elephant”).

What happened

In September 2024, Mr D took out an insurance policy to insure a vehicle. To pay for the policy, Mr D took out a credit agreement with Elephant to spread the cost of it over monthly instalments, rather than paying for it in a lump sum.

Mr D missed a payment that was due on the account in October 2024. Later a default notice was sent to Mr D. Mr D said his insurance policy lapsed and was subsequently cancelled. As a result, he said his debt had been passed on to a third-party company.

When Mr D contacted the third-party company to put in place a payment arrangement, he said he was told that a default wouldn’t be applied to his credit file in relation to the debt if he made the payments as agreed.

The full payment required was made in April 2025, before the agreed date.

Elephant added a default to Mr D’s credit file in February 2025. This was despite Mr D saying the payment arrangement and payment was made before the agreed date. So, he contacted Elephant about it, and said he was told that the default would be removed once his account was updated with the relevant payments made.

Mr D said he was in the process of making a remortgage application and the default continued to appear on his credit file and so complained to Elephant.

In early May 2025, Elephant issued their final response to Mr D where they explained why they weren’t upholding his complaint. In summary, they said that they hadn’t told Mr D that a default wouldn’t be applied to his credit file, and they also didn’t tell him that they would remove it.

Mr D provided further information to Elephant in July 2025, and Mr D was unhappy that his complaint points weren’t addressed by them. Elephant issued a further final response in August 2025. In summary, they apologised for not responding to Mr D’s July 2025 email and offered him £75 as a way of apology. Elephant also reiterated that they didn’t give Mr D incorrect information in relation to the reporting of a default to his credit file.

Unhappy with Elephant’s response, Mr D referred his complaint to our service in September 2025.

An investigator partially upheld Mr D’s complaint. In summary, she thought that while Elephant misinformed Mr D, a default had been correctly applied to his credit file. However, the investigator concluded that the default should be backdated to November 2024, and other information be updated to reflect the backdated default.

Mr D disagreed with the investigator's findings. Among other things, Mr D thought that the default should be removed and compensation given in relation to the matter.

As Mr D disagreed with the investigator's outcome, the complaint was 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.

Having done so, I'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr D complains about a fixed sum loan agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity. So, I'm satisfied I can consider Mr D's complaint about Elephant.

In this instance, Mr D says he was given incorrect information about the reporting and removal of a default that was applied to his credit file in relation to an account he held with Elephant. So, what I need to consider is whether Elephant acted fairly and reasonably in the way they reported the default and whether they should remove it.

Firstly, I have reviewed the terms of the agreement Mr D signed and took out with Elephant. It says:

"Missing payment could have severe consequences such as:

...

ii. We may report your defaults with credit reference agencies which will make obtaining credit in future more difficult..."

Considering the above, I think the terms are clear in explaining that a default may be reported if a payment is missed.

Mr D missed the October 2024 payment that was owed under the account. And after a default notice and other communication was sent to Mr D, in November 2024, Elephant terminated the agreement he held with them. The account was subsequently passed to a third-party recovery company.

Mr D settled the outstanding balance in April 2025 and said he was told that the default would be removed as payment had been made. Elephant has since informed our service that the default mentioned, and which was said would be removed, was the default recorded on the policy, and not the credit agreement.

Having seen extracts of the webchat Mr D had, I can see why Mr D thought the default would be removed from his credit file, as the response given to him wasn't clear that the removal of the default was in relation to the insurance policy taken out, and not in relation to the credit agreement. So, in the circumstances, I'm satisfied that Mr D was misinformed here.

Elephant has an obligation to report accurately and factually to credit reference agencies in relation to accounts held with their customers. So, while I accept that Mr D may have been misinformed, it doesn't necessarily follow that the default should be removed but for the mistake that was made.

Given that the breach to the credit agreement and default notice hadn't been remedied by the specified deadline, I'm satisfied that a default should be recorded to Mr D's account. So, what I now need to consider is whether Elephant reported the information in a timely manner.

I've thought about what The Information Commissioner's Office ("ICO") says about what should or shouldn't be reported to the credit reference agencies. The ICO is the body created which deals with an individual's data, and it has released a document called, "*Principles for Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*". It is entirely reasonable to rely on this, because when determining a complaint, as amongst other things, my role requires me to take into account good industry practice and in my view, these principles constitute good industry practice in this area.

The principles state that a default would usually occur if a customer falls into arrears on their account, and a default may be recorded to show that the relationship has broken down. It explains that a date of a default would normally be the date on which a decision to file a default becomes effective i.e. 28 days from the date of the default notice.

In this instance, given a default notice was sent to Mr D in October 2024; and Mr D was given until 2 November 2024 to remedy the breach, I think the default should be backdated to this date, rather than being reported and showing on Mr D's credit file in February 2025.

I have noted Elephant's comments that they believe the default was reported in a timely manner. But in this instance, I think it is clear the relationship between them and Mr D broke down by November 2024, given that Mr D hadn't responded to communication sent to him in relation to the arrears owed on the account.

I'm mindful that Elephant has already offered Mr D £75, specifically for their error in not responding to his further complaint points made in July 2025. While I appreciate Mr D thinks he should be awarded more for Elephant's mistake, in the circumstances, I think this amount is a fair and reasonable amount in also considering the distress and inconvenience caused to him. I say this because, while Mr D has said that the default resulted in higher costs due to a remortgage, I'm mindful that there are several factors that can impact the risk a lender is willing to make with one of their potential customers. And there are several external factors which can impact a rate a lender is willing to give. While Mr D says that Elephant's mistake has caused the higher costs, I'm mindful that there isn't any firm evidence to show that it was solely down to the default wrongfully being reported in February 2025, rather than in November 2024, which has caused the higher costs and rates Mr D received from his third-party mortgage lender.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct EUI Limited trading as Elephant to backdate a default they reported in February 2025, to November 2024, and to amend the account and the reporting of it to reflect the new date the default should have been reported.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 March 2026.

Ronesh Amin
Ombudsman