

The complaint

Miss H complains that Capital One (Europe) plc trading as Capital One defaulted her account during a period of breathing space. She says she wasn't aware of the risk of defaulting because Capital One didn't take appropriate steps to inform her of this.

What happened

Miss H holds a credit card account with Capital One. Under the terms and conditions of the account, she must pay at least the minimum payment each month by the due date shown on her statements.

In June 2024, Miss H contacted Capital One and explained that she was experiencing financial difficulty. Capital One applied breathing space to the account and confirmed the arrangements by email to Miss H. The email said that Capital One wouldn't call Miss H during the breathing space, but it was always there if she needed to speak.

Miss H didn't make the minimum payments which were due in June and July 2024. Capital One sent a Notice of Sums in Arrears to her by post. Miss H also missed the following two payments. Capital One sent a further Notice of Sums in Arrears. It also wrote to Miss H in early September and asked her to catch up with the missed payments by 1 October. It said if she didn't do so, she risked permanently losing the use of her card.

Capital One didn't receive any payments from Miss H. In October 2024, it wrote to her again to say that she had permanently lost the use of her card, and her account could default in the next two months. The letter stated that, if her account were to default, this would be shown on her credit file for six years and could affect her ability to obtain credit. It also said that Capital One might sell the account to a third party.

Capital One didn't hear from Miss H or receive payment. In November 2024, it sent her a Default Notice. This required her to pay the arrears by 2 December 2024. The Notice said that, if Miss H didn't make payment by the deadline, Capital One could terminate the credit agreement and the whole outstanding account balance would become due immediately. It said it would tell the credit reference agencies that the account had defaulted and might sell the debt to a debt purchaser.

Miss H didn't clear the arrears by the deadline. Capital One defaulted her account on or around 7 December 2024. It wrote to her to confirm this and said it would register the default with the credit reference agencies. It also said it had the right to demand that she pay her full outstanding balance immediately.

In June 2025, Capital One sent Miss H a statement of activity by email. This showed that there had been no transactions on her account for the previous six months. Following this, Miss H contacted Capital One. At this point, she discovered that the account had defaulted. Miss H wasn't happy about this and raised a complaint. She said she didn't know that the account could default during breathing space. And she hadn't received the Default Notice or any other letters in the post. She didn't think it was reasonable for Capital One to rely on

postal communications for such important issues, particularly when its usual way of communicating with her was by email or telephone.

Capital One didn't think it had done anything wrong. But Miss H remained unhappy about the situation and asked this service to look at the complaint. She said she didn't think she had to make the minimum payments during the breathing space. And, although she usually received communications from Capital One by email, she hadn't received any emails about the default. She said she'd continued to receive emails saying that she could use the app, so she didn't think anything had changed with her account. She wanted Capital One to remove the default and allow her to pay off the balance.

Our Investigator didn't think Capital One had acted unfairly. But Miss H didn't agree. She didn't think Capital One had communicated clearly about the breathing space or acted fairly by relying on postal communications in relation to the default. She asked for the complaint to be reviewed by an Ombudsman.

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.

Miss H says that Capital One's communications during the breathing space indicated that she only needed to pay what she could afford and that payments were optional. She said this gave her the impression that making no payments was acceptable. But she says she was penalised for this because Capital One defaulted the account. I find that Capital One's email about the breathing space said that Miss H should continue to pay what was affordable to her. I think the email indicated that Miss H didn't need to make the minimum payments if she couldn't afford them. And I think it implied that she didn't need to make any payments if she couldn't afford to do so. That was in line with what Miss H was told during the call with Capital One, when the breathing space was arranged.

So, Miss H didn't have to make payments during the breathing space. But that didn't mean there would be no consequences for her account or credit file. As Capital One's email confirmed, the breathing space wouldn't change how it reported late payments. This had been explained in more detail during the call. The agent told Miss H that Capital One would continue to report missed payments during the breathing space. He said that the breathing space was alleviating the pressure on Miss H to make payments. But any payments that weren't made by the due date each month would have to be reported at the end of that month. Miss H confirmed that she'd missed the June payment and understood that would be reported. She asked if Capital One would report the July payment if she missed that. The agent confirmed that it would. So, Capital One wouldn't chase Miss H for payments, but it would report any missed payments to the credit reference agencies. I'm satisfied that Miss H knew and understood this when she entered into the breathing space arrangement.

Capital One's agent said that Miss H could have the breathing space arrangement for as long as she needed. But he said if it became long-term (which he described as four to six months), then Capital One could look at restricting or defaulting the account. The agent said that Capital One would send out a letter a month before doing this, to give Miss H time to take action. He explained that, at the four-month mark, if Miss H had fallen behind with four payments, it would issue a restriction notice letter. He explained that would mean Miss H permanently losing access to her card. He went on to explain that a default would be looked at if Miss H missed six payments. So, I'm satisfied that Capital One told Miss H that missing payments during the breathing space could have negative consequences, including default.

I find that events here followed the pattern described by the agent. Miss H's last payment to the account was in May 2024. She missed the next two payments and Capital One sent her a Notice of Sums in Arrears. When she missed a further two payments, it sent another Notice of Sums in Arrears. At that point, because she had missed four payments, Capital One also sent a restriction notice letter, as described by the agent. And, after another two months with no payments, it sent a Default Notice. I think this was a reasonable approach.

Miss H didn't clear the arrears by the deadline given in the Default Notice, so Capital One defaulted the account a few days later, in December 2024. No payments had been made to the account since May 2024 and there was no payment arrangement in place. I'd normally expect a business to treat an account as defaulted in these circumstances and I think it was reasonable for Capital One to do so here.

But Miss H says she didn't receive the Default Notice or any of Capital One's letters. I don't doubt this; from what she says, there may be an issue with receiving post at her address. But Capital One wasn't aware of this. And I'm satisfied the letters were sent to the correct address. So, I don't find it to be Capital One's fault that Miss H didn't receive them.

Miss H says it wasn't reasonable for Capital One to rely on postal communication when alternative methods were available. She says that email or telephone should have been used to warn her of the default. But the statutory notices had to be sent to Miss H in writing. And the Default Notice had to be served in accordance with the Consumer Credit Act 1974. I haven't seen evidence of any agreement between Miss H and Capital One that documents could be served on Miss H by email. So proper service involved sending documents to her address. I find that the Default Notice was properly served by Capital One posting it to Miss H's address. Although Miss H didn't receive the Notice, I'm satisfied that Capital One fulfilled its obligations in relation to service of the Notice.

Miss H says she didn't know to look out for post and had no reason to believe letters were being sent. But Capital One had told her that letters would be sent after four missed payments. By the time the account defaulted, several letters had been sent to Miss H's address. I don't think Capital One could have known that they weren't reaching Miss H.

I've considered whether Capital One should have contacted Miss H by email or telephone in addition to serving the Notice by post, or in relation to the arrears generally. I don't think it needed to do so. Capital One says that, during breathing space, its communications with the customer are heavily restricted. It had already told Miss H that it wouldn't call her during the breathing space. I think that's reasonable as it's in line with the aims of the breathing space. And I don't think Capital One needed to send Miss H additional emails about the status of her account. That's because she had access to her statements and the app. So, she had access to information about her account.

Miss H says that her lack of response to the letters should have alerted Capital One that she wasn't receiving them and prompted it to switch to another method of communication. But it's not unusual for customers not to respond to such letters and I haven't seen anything here which makes me think Capital One should have acted outside its usual procedures.

Miss H says that she kept receiving app notifications saying that she could still use the account, which led her to believe that everything was in order. The messages I've seen say that Miss H can still use the app to manage her account and that she can check her balance and make payments in the app. The account was still able to receive payments during the breathing space (including while the card was restricted) and after the default. So, I don't think these messages were misleading. And it would have been clear from Miss H's statements that the account was in arrears, and the arrears were building up.

I think Miss H ought to have known that she needed to act if she wanted to avoid a restriction or default on her account. She was told about this at the outset and was made aware of the timescales. I think it's reasonable to expect her to have monitored her account and kept track of how many payments she had missed. She knew that they would be recorded on her credit file. And I think she ought to have known that her account was at risk of default. I think it would have been reasonable for her to contact Capital One in the apparent absence of any contact from it. But I haven't seen any evidence of Miss H contacting Capital One between June 2024 and July 2025.

Miss H feels strongly about her complaint and has provided detailed submissions, including in relation to the Consumer Duty. I have carefully considered all the information about her complaint together with the relevant rules and guidelines. I'm sorry to disappoint Miss H, but I don't think Capital One acted unfairly here. So I'm not going to ask it to do anything.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 15 May 2026.

Katy Kidd
Ombudsman