

complaint

Mr W is unhappy that Capital One (Europe) plc has registered a default on his credit file.

background

Mr W took out a credit card with Capital One in 2012. In 2013 Mr W started falling behind on his monthly credit card repayments and unfortunately wasn't able to get his account back on track. Mr W's wife is very poorly and he's also had some financial difficulties.

In October 2015 a temporary hold of interest and charges was placed on the account to try and help Mr W catch up with his payments. Capital One asked Mr W to send in medical evidence about his wife's condition to see if the temporary hold could be extended.

Mr W says he made several attempts to send this information to Capital One but that it misplaced the information. Capital One says it didn't receive the medical information until April 2016.

Capital One sent out a default notice in February 2016, followed by a formal demand for repayment in March 2016.

Mr W feels that the default was registered because Capital One misplaced the documents it'd asked him to provide. Capital One says that the default was registered because it has an obligation to accurately report the status of the account to the credit reference agencies.

An investigator looked into the complaint and didn't think that Capital One was wrong to register the default. But she did think Capital One should have suspended interest and charges when it realised Mr W was struggling financially. She also felt that Capital One asked for the medical information unnecessarily causing Mr W distress.

Capital One has since agreed to refund all interest and charges accrued since December 2014, and to pay £250 following the investigator's recommendation. But Mr W isn't happy with this and thinks that the default has been registered unfairly and came out of the blue. So the complaint has been passed to me to decide the outcome.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having spoken to Mr W, I realise that his life has been greatly impacted by what's happened and that he and his family are going through an incredibly difficult time. But I don't think the default was registered incorrectly or unfairly so I can't ask Capital One to remove it. I'll explain why.

Mr W has said the default was applied without any warning. But Capital One did issue monthly statements which clearly stated the minimum monthly payment required and the consequences of not meeting that minimum payment. This included that failure to pay could impact Mr W's ability to obtain credit in the future.

Capital One also issued several default notices between March and October 2015, but didn't proceed with registering a default as it was trying to work with Mr W to get things back on track. These notices did set out clearly the consequences of not clearing the account

arrears. The account was then put on hold for several months to give Mr W some breathing space, before the final default notice was sent in February 2016. This notice explained that if the overdue amount wasn't paid within 28 days then the account would be defaulted. So I do think Capital One did enough to make Mr W aware that a default would be registered. I also think it acted sympathetically by not registering this earlier.

I know Mr W feels that the default was applied because the medical information wasn't received, and he doesn't think this is fair because he made several attempts to provide it. But even if the information had been received earlier, Mr W's account had fallen into arrears on numerous occasions since the start of 2013. The bank did need to treat Mr W positively and sympathetically, but I wouldn't expect it to put a hold on the account indefinitely.

Mr W feels very strongly that Capital One is treating him unfairly, so I understand the outcome I've reached isn't what he was hoping for. But after giving his complaint a lot of thought I don't think Capital One was wrong to register the default.

I am pleased to see that Capital One has agreed to refund the interest and charges accrued since December 2014, which will help to reduce the outstanding debt on the account. And to also pay £250 compensation which I hope will help during this difficult time. I would also encourage Mr W to consult with a free independent debt counselling organisation (such as Step Change 0800 138 1111) for advice going forward.

my final decision

For the reasons I've explained, I think the offer Capital One has made is fair and I don't require it to do anymore.

So Capital One (Europe) plc should, as it's agreed to:

- refund the interest and charges accrued since December 2014; and
- pay Mr W £250 directly. This should not be used to reduce his debt unless he wants it to.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 September 2016.

Lauren Long
ombudsman