

complaint

Miss C has complained that MEM Consumer Finance Limited, trading as Payday UK, placed a default on her credit record without ever telling her. This meant that she had no opportunity to pay her debt and avoid the default.

background

Miss C borrowed £250 from Payday UK in July 2010. She paid £35 in October 2010. Payday UK tried to agree further repayments with Miss C but received nothing further from her. This debt got passed to two different debt recovery companies. They both asked Miss C for repayment.

In 2014 she found that Payday UK had placed a default on her credit record in February 2011. She complained that they had not told her that they were going to do this. Payday UK told her that they felt she had plenty of opportunity to repay her debt before the default was added to her record. Miss C brought her complaint to the ombudsman service.

Our adjudicator reviewed the evidence provided by both Payday UK and Miss C, which included her bank statements from early 2011. She told Miss C that she did not think it would be fair to ask Payday UK to remove the default as she'd always known that she owed the money. She pointed out that the default was placed on Miss C's account a few months after her last payment.

Miss C feels that if she'd known that a default was going to be registered, she would have paid off the debt. She has asked an ombudsman to review her case.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence.

I am in no doubt that Miss C was aware of the amount of money she owed Payday UK at the end of 2010. Although she told them she was attempting to repay, they only ever received £35 from her and she never completed other payments that she said she would make. At different times, it seems that she was having difficulty getting a new debit card from her bank.

There is no dispute that Payday UK did not tell Miss C that they would be lodging a default on her account. However I believe Miss C always knew that this could happen. She was certainly aware that she still owed the vast majority of her loan.

It is difficult to say with certainty what efforts subsequent owners of this debt made to contact Miss C but I think it's fair to say that all did try. Even if they hadn't been in touch I don't believe that she wouldn't have known that she still owed nearly £280.

I did review Miss C's bank statements from early 2011. She says that she wasn't using her overdraft of £500 and so could have afforded to pay back the money. On balance I agree with that.

However what is clear is that Miss C made no efforts to repay her debt. On balance I believe she knew what she owed but was not making any further repayments by choice. Overall I believe that Payday UK did not act unfairly in lodging a default on her record. I agree with our adjudicator that to ask them to remove the default now would put Miss C in a favourable position and would not reflect how she managed her debt.

my final decision

For the reasons stated above, my final decision is not to uphold Miss C's complaint against MEM Consumer Finance Limited, trading as Payday UK.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss C to accept or reject my decision before 27 April 2015.

Sandra Quinn
ombudsman