

complaint

Mrs H and Mr H complain Sainsbury's Bank plc has recorded a default on their credit files but hadn't sent them a default notice.

background

Mrs H wanted a loan and her son, Mr H, was prepared to act as guarantor. They approached Sainsbury's but as it doesn't provide loans on this basis they took out a joint loan instead. The loan was taken out in May 2010. In April 2013, due to financial difficulties a reduced repayment plan was agreed. After a year the contractual repayments were still not being met. Sainsbury's records show it sent a default notice in April 2014.

Mrs H and Mr H say they didn't receive the default notice. They have now repaid the debt and want the default removed from their credit files.

Sainsbury's didn't agree that the default recorded was incorrect. It did think it hadn't fully responded to their complaint in its earlier responses and offered £30.

The adjudicator did not recommend the complaint should be upheld. In his view, as Sainsbury's has provided evidence that it sent a default notice to the address it held as the current address, he couldn't uphold the complaint.

Mrs H and Mr H disagree. They have provided evidence which they say shows if they had received the default notice they could have paid off the loan.

my findings

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

I think Sainsbury's was entitled to send a default notice to Mrs H and Mr H as they had failed to keep up with their contractual payments. The bank's files show the notice was sent in April 2014 to the address it held on file. And I think it is most likely that is what happened. I have seen nothing which suggests that prior to the notice being sent the bank was told of a different address for Mr H. I am sorry to hear Mrs H and Mr H didn't receive the notice. I believe them when they say they would have acted differently if they had received the notice. But as the adjudicator explained I don't think it would be fair to hold Sainsbury's responsible for them failing to receive the letter. I can't agree – given the payment requested in the default notice wasn't made - that Sainsbury's recorded the default incorrectly.

I appreciate this will be very frustrating to Mrs H and Mr H. But they can both explain what has happened to any future lender by putting a notice of correction on their credit files.

I agree with Sainsbury's that it didn't respond fully to Mrs H and Mr H when they first complained. I think its offer of £30 is fair and reasonable.

my final decision

I order Sainsbury's Bank plc to pay Mrs H and Mr H £30 as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 9 November 2015.

Nicola Wood
ombudsman