

complaint

Mr M complains that Street (UK) Limited registered a default on his credit file without any warning.

background

Mr M took a loan with Street for a business start-up. He says that the business was slow to get off the ground and this meant that he could not manage the capital repayments that became due after the first 12 months.

Mr M says that Street agreed to his reduced payment offer, but that he later became aware that Street had registered a default on his credit file. He says that this was done without telling him first, and that he only became aware of it as a result of a credit search. Mr M also says that the date of the registration did not match the date on which Street claimed to have sent him notification.

In the circumstances, and as he has now reverted to making full repayments, Mr M considers that Street should remove the default and any other adverse credit information about the loan.

Street said that it sent a formal default notice to Mr M in October 2014 after the July, August, September and October payments had been missed. It said it had allowed a further 28 days for Mr M to put things right, before registering the default. Street also said that the relevant dates were correct on its system, and that it had asked the credit reference agency to update them.

As things were not settled, Mr M brought his complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator was satisfied that Street had sent the default notice to Mr M.

Given that the loan was over three months in arrears at the time, and Mr M then made only reduced payments, the adjudicator did not consider that Street had defaulted the loan unfairly. Overall, the adjudicator did not recommend that the complaint should succeed.

Mr M did not agree and said, in summary:

- He did not receive the default notice. If he had received it, he would have paid the amount required to prevent the default – he could easily have got the money from his family.
- He then agreed reduced repayments with Street, before the date of the default notice.

my findings

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

Street has produced sufficient evidence from its systems to satisfy me that it issued the default notice to Mr M in October 2014. Street was entitled to do that, because Mr M was over three months in arrears. There does not seem to have been a general problem with post sent by Street to Mr M, and I note that he used the form it sent him to respond with his payment offer.

The arrangements that Mr M made with Street for reduced repayments did not mean his loan was not in default. He had not maintained the contractual repayments, and so he had defaulted.

Following a period of reduced repayments, Mr M started back with repayments at the level he should have been paying since August 2014. But that does not cancel out the default in 2014. Street asked the credit reference company to update the default date, and I do not consider that it is under a duty to do more.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 June 2016.

Jane Hingston
ombudsman