

The complaint

Mrs Y complains that Nationwide Building Society didn't report her County Court Judgment (CCJ) as "satisfied" on her credit file when she had repaid the debt.

What happened

Mrs Y had a loan with Nationwide. In 2014, she was experiencing a difficult time and was unable to make repayments. The account was defaulted and a CCJ was registered against her. In 2018, Mrs Y was able to repay the debt in full after receiving some inheritance. Around 18 months later she applied for a loan. It was at this point she was told there was still an active CCJ on her credit file.

Mrs Y complained as she believes the CCJ should've been removed when she repaid the debt in 2018. She feels she has lost out on better rates as a result of this. Nationwide acknowledged that it hadn't marked her credit file to say the CCJ amount had been repaid. It updated this in October 2019 and marked the account as "dormant". Nationwide paid Mrs Y £150 for the trouble and upset the delay caused. But it also explained that the CCJ would remain on Mrs Y's credit file for six years in total.

I sent out my provisional decision, which is attached below and forms part of this decision, on 26 June 2020. I explained that I agreed Nationwide should've updated Mrs Y's credit file sooner, but that I felt the £150 compensation it paid for this was fair and reasonable. This was because I felt the presence of the CCJ caused the biggest upset for Mrs Y, but this was always going to be on her file for six years. And Mrs Y explained since the CCJ has dropped off her file, her credit rating had increased. I explained that I didn't think the reporting of Mrs Y's debt as "dormant" rather than "satisfied" was incorrect or had caused any significant impact.

Mrs Y disagreed. She explained that she wasn't able to get a letter of satisfaction from the court because of the way Nationwide had reported the debt, even though it had been repaid.

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.

I asked Mrs Y to provide further information to show that the court wouldn't provide her with a certificate of satisfaction to determine whether this was due to Nationwide's error. Mrs Y provided us with correspondence from the court. However, this said she hadn't provided the right evidence rather than suggesting that Nationwide's reporting had caused the issue.

The court explained to Mrs Y in this correspondence that she needed to send it the letter from the solicitors which said the debt had been repaid in full. Mrs Y had sent a letter from the Land Registry instead. Whilst I imagine this was frustrating, I can't see that it was Nationwide's error that led to this issue. And, in any event, the correspondence was from around the same time that Nationwide had updated the file. There's no other evidence to

suggest the way Nationwide reported the debt caused any additional impact than the CCJ itself – which has now come off Mrs Y's credit file as six years have passed.

In the absence of any additional evidence, my final decision is the same as that reached in my provisional decision which is attached below and forms part of this decision. The compensation Nationwide paid Mrs Y for its error is fair and reasonable. So, I'm not upholding this complaint.

My final decision

For the reasons I've explained in this decision, and my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 19 October 2020.



Charlotte Wilson

Ombudsman

Copy of provisional decision

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Mrs Y complained as she believes the CCJ should've been removed when she repaid the debt in 2018. She feels she has lost out on better rates as a result of this. Nationwide acknowledged that it hadn't marked her credit file to say the CCJ amount had been repaid. It updated this in October 2019 and marked the account as "dormant". Nationwide paid Mrs Y £150 for the trouble and upset the delay caused. But it also explained that the CCJ would remain on Mrs Y's credit file for six years in total.

Our investigator upheld this complaint. She felt that Mrs Y has suffered a serious amount of trouble and upset when Nationwide made this error. The investigator explained that Mrs Y had been through such a difficult time, so to find out that her CCJ was reporting incorrectly so long after she'd managed to pay it off would've been distressing. The investigator also commented that she felt Nationwide should've reported the CCJ as "satisfied" rather than "dormant". She recommended Nationwide pay Mrs Y £350 compensation in total.

Nationwide disagreed with the investigator. It said that marking the account as "dormant" was its standard process when a CCJ had been settled. It means there is no outstanding

balance and the account isn't active. So, it believes it has reported it accurately, even though it did this later than it should have. Nationwide also explained that Mrs Y was told she could get a "certificate of satisfaction" from the court when she repaid her debt in full if she wanted some proof it had been repaid. Nationwide felt that the £150 compensation it had paid was fair. So, the complaint has been passed to me to decide.

What I've provisionally 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.

Having done so, I've reached a different outcome to our investigator. I think Nationwide's offer of £150 is fair and reasonable and I'll explain why.

It's accepted by both parties that something has gone wrong. Nationwide should've updated Mrs Y's credit file to show that she had repaid the debt associated with the CCJ when she did this – in 2018. But it didn't do this for over 18 months which was an error. My role is to determine the impact of this error. And decide whether the offer Nationwide has made is fair and reasonable.

It's clear that Mrs Y has been through a very difficult time and I was sorry to hear about the events that led her to being in a position where she couldn't meet her repayments. I can see she accepts that the CCJ was entered correctly. And that she repaid this debt as soon as she had the means to do so. I can imagine this must have been a weight off her mind at the time. And I'd imagine it did come as a shock when she found out, 18 months later, that the CCJ was still showing on her credit report. However, CCJs do stay on credit reports for six years from the date they were granted. This means Mrs Y's CCJ was always going to stay on until 2020 – regardless of whether she had repaid that debt earlier.

It does appear that Mrs Y believed the CCJ would be taken off her credit file after she repaid it, so it would've been upsetting to see it was still on there. However, its presence isn't because of Nationwide's error. The error was that Nationwide hadn't marked the debt as being repaid. So, I've considered what impact that has had on Mrs Y.

Mrs Y has told us that she has missed out on getting better rates on credit whilst her CCJ was being reported, and she feels this could be to do with Nationwide's error. I think it's difficult to say what, if any, effect the error had on Mrs Y's credit file. Mrs Y would've still had a CCJ marked against her, which would've seriously affected her credit score and her ability to get credit. This is regardless of whether the account had been marked as being settled or not. This is because the CCJ remains for six years. And it's evidenced in Mrs Y's credit score increasing substantially at the point the CCJ had been removed. So, I don't think the difficulties Mrs Y experienced with obtaining credit was due to the reporting error, but rather the presence of the CCJ which wasn't an error.

Nationwide reported the account as "dormant" in 2019 – when this should've been in early 2018. And I do think Mrs Y has suffered trouble and upset because of this error. She's had to get in touch with Nationwide and was worried that this error had affected her over the previous 18 months. It's important to note that for the 18 months that the debt wasn't reported as "dormant", Mrs Y didn't know about it. So, I don't think she's experienced any trouble and upset for this period of time. But rather, in the instance that she discovered the problem. And I think that the biggest shock was that the CCJ was still on her file. I've explained that this would always have been the case, and Mrs Y may have misunderstood that repaying the debt would remove the CCJ earlier. So, I don't think Nationwide's error has been the main source of Mrs Y's distress. But I do think Nationwide should've updated her credit file earlier and this could've relieved some of the trouble and upset. It has already paid her £150 compensation for this and I do think this is fair and reasonable.

I understand Mrs Y felt Nationwide should've reported her account status as "satisfied" rather than "dormant". And our investigator also felt this should be the case. The Information Commissioner's Office (ICO) set out the principles for reporting to credit reference agencies.

This says that lenders must report data that is fair, accurate, consistent, complete and up to date. We're aware that Nationwide didn't keep its reporting up to date for Mrs Y. But when it did it recorded the account as "dormant". Nationwide says this is how it reports accounts that have no outstanding balance and that aren't active. This is the case here. Mrs Y had a loan account, the CCJ was registered and after it was repaid the account was dormant. I can't say that Nationwide has reported inaccurate data about Mrs Y's account in doing this.

I do understand that Mrs Y would've been very upset to find out the debt relating to her CCJ hadn't been marked as being settled. But I've explained why this didn't mean the CCJ should have been removed. As I think it was the presence of the CCJ when Mrs Y had expected it to have been removed that caused the biggest upset, I don't intend on asking Nationwide to provide any additional compensation. I think the £150 it has already paid is fair and reasonable to put right its error in not updating that the debt had been repaid.

My provisional decision

For the reasons I've explained, I don't intend to uphold this complaint.

Charlotte Wilson
Ombudsman