

## **The complaint**

Mr C complains that Premium Credit Limited has unfairly reported missed payments on his credit file.

## **What happened**

Mr C has a credit agreement in place with Premium Credit Limited (PCL) for an insurance policy. He complains that PCL has reported several missed payments on the account. He says that whilst he didn't make the payments on the due date, they were made within a few days of it.

Mr C tells us he's unhappy because:

- the letters he received from PCL said that if he paid within a certain amount of time, no further action would be taken;
- his credit file is showing the payments as missed, when they were in fact paid - he believes they should be recorded as being late;
- the guidelines given by credit reference agencies is that late / missed payments should only be reported if an account has not been brought up to date within 30 days;
- other companies that he has accounts with haven't recorded late / missed payments where he's paid after the due date;
- he'd tried to change the payment due date with PCL but was told he'd be charged an admin fee to do so;
- the affect this has had on his credit file has meant he's been unable to re-mortgage and he's now being financially disadvantaged as a result.

To resolve the complaint, Mr C wants PCL to remove the missed payments from his credit file.

PCL investigated the complaint, but they don't think they did anything wrong. They said they had a duty to accurately report to the credit reference agencies. And by removing the missed payments, they could mislead other creditors about the way Mr C had managed his account. This could lead to him obtaining credit that he isn't able to afford.

PCL suggested that Mr C add a Notice of Correction on to his credit file to give his explanation of why the payments were made after the due date.

Mr C wasn't satisfied with this response, so he brought his complaint to our service.

Our investigator didn't uphold the complaint. He thought PCL had acted in accordance with the credit agreement. And that they'd reported the account information correctly to the credit reference agencies. As such, he didn't think it should be altered or removed from Mr C's credit file.

As Mr C didn't agree, the complaint has been passed to me for a final decision.

## **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.

Having done so, I've reached the same conclusions as our investigator and for broadly the same reasons. I'll explain why.

When entering into the credit agreement with PCL, Mr C agreed to their terms and conditions. These state that he *"must make repayments monthly on the date they are due"*, the payments must be made by direct debit, and that he *"must ensure that all direct debits are paid when first presented for payment"*.

The agreement is clear that failing to make a payment when it is due will be considered a breach of the terms and conditions. It sets out the consequences of this, which include PCL reporting the non-payment to credit reference agencies.

Whilst Mr C had a direct debit set up to make his monthly instalments, I understand this was returned unpaid to PCL on approximately 11 occasions over a 15-month period. Each time, they sent a letter to Mr C to notify him.

Mr C doesn't dispute that he didn't make his payments on time. Nor does he say that he wasn't aware they'd been missed. But he says the letters he received from PCL said that if he made the missed payment within a certain period of time, no further action would be taken.

I've seen a copy of these letters and I appreciate the point Mr C has made. But it's important that the letter is read as a whole, rather than considering certain parts in isolation.

The letters explain that the direct debit had failed, so PCL will try to collect the payment again together with a default charge. It says that if they're successful, and the payment is made by a certain date, PCL will take no further action. But if the payment isn't made within that period of time, PCL will require the balance of the agreement to be repaid in full.

When read as a whole, I think it's clear that when PCL say they will take no further action, they're referring to the action of recovering the full balance of the agreement.

A default notice was enclosed with each letter. This informs Mr C that he has breached clause A4 of his credit agreement because he failed to make his monthly payment on the date it was due.

The notice explains that if the payment is made by a certain date, no enforcement action will be taken. Again, I think this is referring to recovering the debt in full – and by taking court action if necessary.

I haven't seen anything to show me that PCL told Mr C they wouldn't report the non-payment to the credit reference agencies. And they make it clear within the credit agreement that this is something they would do if payment isn't made on time.

All financial businesses are obligated to report true and accurate information to the credit reference agencies. This is part of the rules and regulations that apply to them and failure to do so can result in serious consequences for a business.

Mr C doesn't believe PCL has reported true and accurate information. He's provided us with a screenshot of his credit file which shows the payments as "missed". Mr C says this isn't correct, as he did make the payments. He believes they should be recorded as "late".

Looking at the screenshot, it's clear that the only options available here are "on time", "missed payment" and "no data". There is no option for late payments. And as the payments weren't "on time", the only suitable option available would be "missed". But I'm mindful that this is not a copy of Mr C's actual credit report.

PCL has provided us with a screenshot of the data they've reported. This shows that they've recorded Mr C's account as a '1' on each month they didn't receive the payment on time.

PCL have explained that the data isn't recorded using words, such as "missed" or "late". Instead, PCL must record how many months' arrears the account is in. So, if the payment is made on time, PCL will record a 0. And if it isn't, it will be recorded as a 1.

The numbers recorded show that Mr C has made the payment, just not on time. This is because if he hadn't paid at all, PCL would record a 2 the following month to show Mr C was in 2 months of arrears.

The fact that the number remains at 1 – or in places reduces to 0 – indicates that payments are being received and that Mr C has only ever been in arrears by 1 month on this account.

Mr C will see the numbers PCL reports if he obtains a full copy of his credit report rather than accessing the information through a third party. The third parties that provide access to credit data will display the information in the way they choose to, and this isn't a reflection of how lenders report it. It's also not the data that lenders would see if they carried out a credit check – they would see the credit report.

As PCL have explained, Mr C can raise a Notice of Correction to the credit reference agencies to provide an explanation of why he didn't make his payments on time. And this will be viewable by lenders who can take that into consideration when deciding whether to approve Mr C for further credit.

I've considered Mr C's point about what the guidelines given by credit reference agencies say. But it appears the information he relies on is from an American website. I've reviewed the UK's equivalent and this guidance doesn't appear. Instead, it explains lenders will update the credit reference agencies monthly in line with the payment date.

I appreciate Mr C has accounts with other companies who haven't reported missed payments when he's been late in paying. But I can't comment on decisions made by other companies that aren't party to this complaint. And I don't know what the terms and conditions of these agreements are. My role is to look at what PCL have done.

In summary, I'm satisfied that PCL acted in accordance with the credit agreement as well as the relevant rules and regulations by reporting accurate information to the credit reference agencies. I'm not persuaded that they told Mr C they wouldn't do so. I believe Mr C was aware that he was making his payments after the due date which was in breach of his agreement. And that he knew he could change the due date on his account if he needed to by paying a small admin fee.

## **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 February 2021.

Neil Marshall  
**Ombudsman**