

The complaint

Ms F and Mr P complain that NRAM Limited wrongly recorded missed payments on their credit files. They want it to correct their credit files and pay compensation.

What happened

Ms F and Mr P had a mortgage with NRAM. They were in financial difficulties and entered into a debt management plan. Payments were made through a debt manager. Ms F and Mr P say NRAM recorded information on their credit files that suggested they'd missed payments in January 2015 and November and December 2016. They say this is incorrect and has affected them getting credit. The loan was repaid in 2017. Ms F and Mr P have separated.

NRAM said it reports to three credit reference agencies (CRA). It said it doesn't report missed payments: it reports arrears and if an arrangement or debt management plan is in place. It said it didn't properly report information to one CRA in January 2015: it reported the account was in arrears, but not that there was a debt management plan in place. It said it would correct this. Otherwise, it said it had reported the same information to all three CRAs, and how this appears on their systems is outside its control. It said one of the CRAs doesn't have a marker for accounts in debt management.

Our investigator contacted the CRA, which confirmed it can flag that an account is in a debt management plan. It explained how NRAM could do this. The investigator said NRAM should correct the information it reported to the CRA and pay compensation of £75.

NRAM didn't agree, saying as the loan had been repaid it wasn't able to correct the information it had reported in 2016.

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.

Ms F and Mr P made payments in accordance with a debt management plan. NRAM reported information to the CRAs, including that the account was in arrears and that there was an arrangement or debt management plan in place.

However, the information which appeared on Ms F and Mr P's files with one of the CRAs didn't show there was a debt management plan in place in November and December 2016. It only showed the account was in arrears.

NRAM had said this was because that CRA didn't have a facility to report a debt management plan. The credit reference agency confirmed this is possible, and NRAM needed to use a different code when it reported information about the account. I think NRAM likely made an error when it didn't do this. This means the information on Ms F and Mr P's account isn't accurate and complete. NRAM needs to put this right.

NRAM says it's unable to report the debt management plan now as the loan has been repaid

and it doesn't have access to archived accounts. It said it could provide a letter to Ms F and Mr P saying they were in a debt management plan at that time, which they can use to help them sort out the incorrect information on their credit files.

I don't think this is fair. NRAM made an error and, in fairness, it should take responsibility for putting it right. As the information was provided by NRAM it's likely the CRA can't amend it without consent from NRAM, or might be reluctant to do so.

NRAM says it can provide a letter to Mr P and Ms F. I think it should do this, as this might be useful for Mr P and Ms F. However, if NRAM can write to Mr P and Ms F I can't see why it can't write to or otherwise contact the CRA. The CRA has explained how NRAM can update the information on Mr P and Ms F's credit files. If NRAM can't now access Ms F and Mr P's account to do this it will need to find another way to correct the information – working with the CRA to find a solution.

Putting things right

NRAM should now contact the CRA and agree a way to update Ms F and Mr P's credit files to show that their account was in a debt management plan in November and December 2016. It should contact the CRA within 14 days of Ms F and Mr P accepting my decision (if they do) to start this process and use reasonable efforts to ensure their credit files are corrected within 60 days after that.

NRAM should write to Mr P and to Ms F stating that they were in a debt management plan at that time.

I also think NRAM should pay compensation to Ms F and Mr P. The investigator recommended £75. I think NRAM should pay £75 to Ms F and £75 to Mr P for the upset and trouble this has caused.

My final decision

My decision is that I uphold this complaint. I order NRAM Limited to take the steps and make the payments set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F and Mr P to accept or reject my decision before 7 April 2021.

Ruth Stevenson
Ombudsman