

The complaint

Miss D complains that Hoist Finance UK Limited unreasonably delayed updating her credit file in respect of a debt it owned.

What happened

Miss D tells us that she initially owed a debt to a business I'll call "**B**". She says this debt was later assigned to Hoist. In May 2020 Miss D says that she became aware that B had applied a refund of £244.24 to her debt. She said that B had advised her that it had notified Hoist of the adjustment. Miss D explains that when she contacted Hoist in September 2020 it still hadn't applied the refund to her account or updated her credit file.

Hoist told us it had acquired the debt in late 2017. And that it had outsourced the collection of the debt to another business. It said that later in 2018 there'd been a further assignment of the debt to a new legal owner within the Hoist group. And that a business I'll refer to as "**E**" had been commissioned to transfer the account. But this hadn't been done. Hoist told us it had later applied the correct update in October 2020. But due to making enquiries it said it had then removed the account altogether. And would start reporting again in January 2021, once it had resolved any issues.

Our investigator recommended that the complaint should be upheld. He felt that it was Hoist's responsibility to ensure that it maintained accurate reporting. And he said he'd seen information that Hoist had been notified of the additional redress in May 2020. And that the delay in reporting this had been excessive. He recommended Hoist should pay £75 to Miss D to reflect the inconvenience.

Hoist didn't agree with this outcome. It said that it felt responsibility for the error rested with E. As it's not been possible to resolve this complaint an ombudsman's been asked to make the 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.

I understand that Miss D would want to ensure that her credit file didn't show her debt as being for a greater amount than was actually due. And that it would be upsetting for her that it took so long to update her record.

It's the responsibility of a business which reports information about account conduct to credit reference agencies to ensure that the information is fair and accurate and up to date. How a business achieves this is matter for the individual business.

Here it's not in dispute that late in 2018 there was a reorganisation within the Hoist group that resulted in this debt being transferred to a new legal owner. This required the change to be reported to the credit reference agencies. And E was appointed to update details of the transfer on customers credit files. Whilst this was seemingly to be done in bulk, for some reason Miss D's account wasn't updated. And so the latest update prior to this complaint was shown as being in February 2018.

The information I've seen shows that Hoist received the refund in May 2020. Although it seems it wasn't initially aware of this. And so Miss D's credit file wasn't updated at the time. It wasn't until October 2020, following a call from Miss D, that steps were taken to update the record. And even then, it doesn't seem that an accurate update appeared on Miss D's credit file until January 2021.

I'm aware there's an issue between Hoist and E as to where the responsibility lies for the initial error in the account not being recorded as having been assigned to the new owner within the Hoist group. But I don't think that this changes things.

Hoist owns this account and it's responsible for the information it reports to credit reference agencies. I'd expect that where it appoints a different business to manage its obligation that it would check from time to time to ensure that this was being done.

So I think the ultimate responsibility for the delay in the updating of Miss D's account rests with Hoist.

I've considered that the account was in default and that the additional redress did not satisfy the entire sum owed. I find it's unlikely that the delay would've had any significant effect on Miss D's ability to obtain credit had she wished to do so. Whilst the amount owed is a factor, the default itself is likely to have significantly impacted her credit file.

We'd normally expect an account to be updated within a reasonable length of time. And certainly this wouldn't be anticipated to extend to five months or more. And it appears that it was only Miss D's phone call that prompted the eventual update.

For the reasons I've given, I've reached the same opinion as that of our investigator. It's likely that Miss D was caused additional upset by the overall circumstances and the subsequent delay in getting her credit record put right. And whilst I find that the impact was probably relatively modest, I think £75 is a figure which fairly and reasonably reflects this. Accordingly, I uphold this complaint.

Putting things right

Hoist should pay £75 to Miss D for distress and inconvenience caused.

My final decision

For the reasons given above my final decision is that I uphold this complaint. I require Hoist Finance UK Limited to take the action I've stipulated in the preceding section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 1 July 2021.

Stephen Ross
Ombudsman