

The complaint

Mr V is unhappy with how Creation Consumer Finance Ltd (Creation) handled his claim under Section 75 Consumer Credit Act 1974 (S75) - for a faulty sofa and the adverse information it recorded on his credit file.

What happened

Mr V purchased a sofa from a retailer who I will refer to as "S" and entered into a finance agreement with Creation to pay for this. In February 2020 when the sofa was delivered, Mr V said the product came damaged and so he contacted S about this. Following an inspection, S agreed the sofa was faulty, but as it was unable to provide an exact replacement, Mr V asked to cancel the order.

Unhappy with how things had unfolded, Mr V raised a complaint with Creation on 9 March 2020. On 24 April 2020 Creation sent Mr V a final response letter. It confirmed that the S75 claim had been upheld and S had agreed to collect the faulty goods at the end of the COVID-19 lockdown. Creation also confirmed that S had asked for payments on the account to be put on hold until the sofa was collected.

Mr V has said that despite being told the payments would be on hold, he received letters and notifications from Creation asking him to make payment towards his finance agreement. He also explained that there were six missed payment markers registered on his credit file against his Creation account, between May 2020 and October 2020, which he said affected his credit score.

In November 2020, Mr V contacted the credit reference agency (CRA) to ask it to amend his credit file by removing the missed payment markers. However, he received correspondence back from the CRA, which said it had been told by Creation that the data it held for him was correct and so it couldn't amend his credit file.

On 27 November 2020 the sofa was collected by S.

On 30 December 2020, the CRA notified Mr V that Creation had permitted it to remove all the late payment markers from his credit file.

Mr V however remained unhappy with how long Creation had taken to resolve this issue. He also explained that due to the pandemic, his financial situation had worsened, and he had applied for loans, which he was rejected for. He considered Creation and its recording of adverse information as the reason for the loans being declined. Mr V also mentioned how he had received court documents from his landlord, who was looking to evict him for unpaid rent. He thought this was as a result of the late payment markers registered by Creation.

Our investigator upheld Mr V's complaint in part. He thought Mr V had to store the faulty sofa at his property for an unreasonable amount of time and he agreed that Mr V's credit file was significantly impacted through no fault of his own.

However, in terms of the impact the adverse information had on Mr V, ultimately there wasn't

enough evidence to say this was the reason Mr V was declined for the loans. He also wasn't persuaded that the recording of adverse information on Mr V's credit file led directly to him being served with court documents for eviction over unpaid rent.

For the overall distress and inconvenience caused to Mr V, the investigator thought Creation should pay £200.00. The investigator also asked Creation to return Mr V's deposit of £100 plus 8% simple interest from the date this was paid.

Creation accepted the investigator's view, but Mr V didn't. In summary Mr V said:

- The compensation should be increased to reflect his storage of the sofa, which he put at £30 per month.
- He still believed the situation with his property had arisen due to the misreporting on his credit file. This ultimately resulted in a county court judgement against him.
- He still believed the late payment markers had meant he couldn't access credit, which in turn impacted his ability to pay his tax bill.

As no agreement could be reached, the case has been referred to me to make 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.

Both parties agree that Mr V had a valid S75 claim, and the remedy for this was for the sofa to be collected and the finance agreement cancelled. Given that I also consider this to be a fair and reasonable remedy, I will not comment further on the S75 claim itself. Instead my decision will focus on the outstanding issues Mr V remains unhappy with, which are the delays he encountered with the sofa being collected and the adverse information recorded on his credit file by Creation and the impact this had on him.

I will deal with each concern in turn:

Delays in collecting the sofa

Creation received Mr V's complaint in March 2020 and sent its final response in April 2020. In its final response letter, it confirmed that the faulty sofa would be collected after the current lockdown period was over.

When looking at the timeline for the UK lockdown, the first UK lockdown began easing in June 2020. However, the sofa wasn't collected until 27 November 2020.

Whilst I appreciate Creation wasn't responsible for the initial delays by S with the collection of the sofa, following its final response letter, it was informed by Mr V and our service that the sofa had still not been collected, and I think it could've better assisted Mr V by trying to arrange for the sofa to be collected sooner.

In terms of storage, I appreciate Mr V has mentioned storage fees at £30 a month, but from the available evidence, I can't see anything to suggest that the sofa was stored anywhere other than his home, or that he was paying for storage.

However, I do appreciate that Mr V was caused inconvenience by the sofa taking up space in his home, especially as he didn't even use the sofa, and the delays to the sofa being

collected would have added to his inconvenience. And so, I've taken this into account when considering what compensation overall to award Mr V.

Adverse information recorded for Mr V in his credit file

Creation in its final response letter in April 2020 confirmed payments would be on hold until the sofa was collected. However, Mr V provided us with an extract from his credit file relating to his Creation account, showing six missed payment markers registered between May 2020 to October 2020, and the account being recorded as in arrears. Mr V confirmed the adverse information recorded on his credit file was eventually corrected in December 2020.

It is clear from the evidence that I have seen that Creation had promised to place Mr V's account on hold and so I don't think it acted fairly when it reported the incorrect information to the CRA.

From the evidence provided by Mr V, it's clear he had spent time trying to resolve the matter with Creation, as well as contacting the CRA to try to get the incorrect adverse information sorted out when Creation didn't rectify its mistake. It is important that firms accurately report the status of an account to the CRA's and failure to do so can be distressing for consumers, particularly if it happens at a time when they are trying to secure credit. I accept Mr V was caused distress and inconvenience because of this.

In terms of Mr V's submission that the adverse information recorded was the reason why his applications for loans were declined, and how this led to him being unable to meet his financial obligations, such as rent, I'm unfortunately not persuaded on this point and I will explain why.

I can see that Mr V initially provided the investigator with an extract from his credit file relating to his Creation account, as well as a copy of an application for a business current account which was unsuccessful in November 2020. He has also supplied a copy of a tenant hardship loan which he unsuccessfully applied for in May 2021.

In order to consider the impact of the late markers reported by Creation, I asked to see a full copy of Mr V's credit file. He declined to provide this. Without sight of this, I can't assess the extent to which the Creation mis-reporting impacted his overall credit standing.

So, from the available evidence, I am not persuaded that the adverse information on the credit file led directly to Mr V being declined for the loan applications and suffering the losses he is claiming for. Moreover, there are many factors that feed into a decision to grant credit and an applicant's credit file is just one of those factors.

It is worth highlighting that the application for the tenant loan was some five months after Creation had removed the adverse information, and in those circumstances, it is difficult to conclude that Creation's reporting of adverse information was the sole reason Mr V's tenant loan was refused.

While I may not be satisfied that the adverse information was the reason Mr V was declined for his loan applications, I am satisfied Creation recorded incorrect information which clearly caused Mr V distress and inconvenience at a stressful time, when he was struggling financially and when he needed to apply for credit. Mr V had to also spend time contacting the CRA directly to try to get the adverse information amended which would've only added to his inconvenience.

When thinking about the delays, and the distress and inconvenience caused to Mr V, whilst the investigator suggested £200 compensation, I consider £350 to be more reasonable in

the circumstances to which Creation has also agreed with. I consider this award fairly reflects the impact Creation's actions had on Mr V.

Whilst I appreciate Mr V may still be unhappy with the outcome, I do not think there are sufficient grounds to ask Creation to pay anything more than £350 for the distress and inconvenience caused to him.

My final decision

My final decision is that I uphold this complaint and I direct Creation Consumer Finance Ltd to:

- Refund any payments made by Mr V from the start of the agreement to termination plus annual interest at 8% simple from the date of payment until the date it is refunded.
- Pay Mr V £350 compensation for the distress and inconvenience he experienced.

If Creation Consumer Finance Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr V how much it's taken off. It should also give Mr V a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 13 April 2022.

Farhana Akhtar
Ombudsman