

The complaint

Mrs W complains about the information provided to credit reference agencies by Oakbrook Finance Limited about a loan she took out with them.

What happened

Mrs W took out a loan with Oakbrook in 2018. She agreed to pay back £89.65 for a period of 24 months.

Due to circumstances entirely outside her control, around 6 months into that period, Mrs W found herself unable to make the monthly payments.

Through a debt charity, Mrs W made arrangements with various creditors, including Oakbrook, to repay her debts over a longer period making reduced monthly payments.

Oakbrook agreed that she could pay them £28.55 per month for a period of time, rather than the £89.65 set out in the initial contract.

Mrs W has accessed her credit reference file and believes it contains misleading and unfair information about the debt. She says she's shown as not making payments and being in arrears, despite paying the new agreed amount each month.

Mrs W complained to Oakbrook, but they said the information they've provided to the credit reference agencies is accurate – and they have a duty to provide accurate information.

Mrs W wasn't happy with that and brought her complaint to us. Our investigator looked into it and didn't think Oakbrook had done anything wrong.

Mrs W disagreed and asked for a final decision from an ombudsman.

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.

It's worth saying at the outset that there's no disagreement at all between Mrs W and Oakbrook about what payments she's made to them or what the original loan agreement required.

To summarise, Mrs W borrowed a sum of money and agreed to pay it back – at £89.65 per month for 24 months. After around six timely full monthly payments, she failed to pay the correct amount but very quickly entered into the agreement to pay an affordable £28.55 per month for a period of time.

As far as I can see, Oakbrook haven't added interest or charges to the amount owed since Mrs W entered that agreement with them. The debt has been reducing by £28.55 per month since then.

Oakbrook are under an obligation to provide accurate information to credit reference agencies, as they told Mrs W.

The Information Commissioner's Office (ICO), which is the relevant statutory authority, publishes Guidelines on how businesses should report arrears, arrangements and defaults to credit reference agencies.

These require data reported to credit reference agencies to be fair, accurate, consistent, complete and up-to-date.

They contain the following guidance on debt management programmes, which is what the debt charity agreed with Oakbrook on Mrs W's behalf:

A debt management programme (DMP) is when a third party debt adviser negotiates a repayment schedule for all or a number of a consumer's credit agreements.

If the plan is accepted by the lender, the record filed at the credit reference agencies must reflect that the consumer is on a DMP. For such accounts arrears may continue to be calculated in accordance with the contracted terms, but the account marked as under a DMP.

I've considered very carefully the information about Mrs W's loan with Oakbrook which is included in her credit reference file.

This sets out the type of agreement (loan), the date the account started, the current balance and the current status – which is recorded as “6 months late”.

It then says that Mrs W has a debt management programme in place. And the following monthly account information shows that Mrs W has been six months or more in arrears for around the last two years. But it also shows £28 or £29 (the outstanding amount is rounded) coming off the debt every month.

Mrs W *has* been more than six months in arrears for around the last two years – against the original loan agreement. No-one is disputing that. Mrs W's loan should have been paid off entirely in early 2020, but she still owes more than £800.

And I note that the ICO advice says that arrears may continue to be calculated against the contracted terms. So, I can't say it's unfair or inaccurate for the debt to be reported in that way.

Any lender reading the file would also be very well aware that Mrs W is under a debt management plan – and that she's paying a regular amount every month. So, again, the information contained in the credit reference file isn't misleading or unfair to Mrs W.

And it is in line with the ICO guidance quoted above. Mrs W is clearly shown to be on a debt management programme – and to be paying a regular amount every month.

Mrs W has pointed out that some of her other debts aren't recorded in the same way. However, those debts were sold by the original lender(s) to a debt recovery company. That company then entered into an entirely new contract with Mrs W for repayment. And the credit reference information provided by them reflects the fact that Mrs W has made monthly repayments entirely in line with that new contract.

This is not the case with Oakbrook, who are allowing Mrs W to repay the original contracted loan, albeit over an extended period of time.

My final decision

For the reasons set out above, I don't uphold Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 23 August 2021.

Neil Marshall
Ombudsman