

The complaint

Mr B complains MBNA Limited continues to report a default on his credit file despite having sold the debt to another business.

What happened

Mr B had a credit card with MBNA that was closed and defaulted in October 2019. MBNA reported the default and outstanding balance on Mr B's credit file.

MBNA sold the debt to a third party business (A) in December 2019 and marked the default balance as settled on Mr B's credit file. A recorded a new default entry on Mr B's credit file that gave details of the outstanding balance.

Mr B contacted MBNA and has told us staff members advised its default entry should be removed from his credit file. But when Mr B complained, MBNA responded and said it noted his account had been sold on his credit file but wouldn't delete the entry.

Mr B referred his complaint to this service and explained he felt it was unfair for MBNA and A to record separate entries on his credit file for the same debt. Our investigator didn't uphold Mr B's complaint and said industry guidance issued by the Information Commissioner's Office (ICO) advised two entries can be reported if it's clear they relate to the same debt. The investigator didn't ask MBNA to amend Mr B's credit file and he asked to appeal. As a result, Mr B's complaint has been passed to me to make a 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.

As our investigator has said, the ICO issued guidance concerning how debts are recorded on a consumer's credit file. The ICO says two entries can be recorded if it's clear they relate to the same debt. I need to decide whether MBNA has acted fairly by declining to remove its entry and whether it's clear the entries in question relate to the same debt.

In its submissions to our service, MBNA has provided systems evidence that shows what information it reports to the credit reference agencies. MBNA reports that Mr B's credit card defaulted in October 2019 along with a payment profile. In addition, MBNA reports that the current default balance is £0 and that the debt was sold to another business in December 2019. I'm satisfied that's accurate in the circumstances.

Mr B has told us he can't find anything on this credit file that shows the debt was marked as sold. I appreciate that may be the case, but the credit file information Mr B has provided shows MBNA is reporting the account as settled with a £0 balance. MBNA can't say what information the credit reference agencies give on their reports and I'm satisfied the information it's recorded is accurate.

I can see that A appears to be recording the debt as being in relation to a bank account rather than a credit card on Mr B's credit file. I appreciate that makes it look like a different debt, but that's not something I can reasonably say MBNA is responsible for and is something Mr B would need to take up directly with A to address.

I'm sorry to disappoint Mr B but I'm satisfied industry guidance produced by the ICO does allow two entries to be made on a consumer's credit file for the same debt. And I'm satisfied MBNA is recorded accurate information about the circumstances surrounding the closure and sale of Mr B's credit card account.

I understand Mr B was given conflicting information by different parts of MBNA and that he was initially told its entry should be deleted. But MBNA's final response sets out its approach and I'm unable to agree it's made a mistake or treated him unfairly in this case. I'm sorry to disappoint Mr B but as I'm satisfied MBNA dealt with his complaint fairly I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 November 2021.

Marco Manente
Ombudsman