

The complaint

Mr M has complained that Debt Managers (Services) Limited have been reporting incorrect information on his credit file.

What happened

This complaint is about a consumer credit agreement which defaulted in 2016 and was acquired by Debt Managers in 2017.

In March 2019, Mr M paid off the debt in full. However, this was not registered on his credit file properly. For example, while the account showed as having a zero balance, it had no default satisfaction date and the start date was wrong. Mr M discovered this when applying for mortgages, as his brokers flagged it as an issue.

In March 2021, Mr M raised the issue with Debt Managers. In May 2021, Debt Managers said they'd written to all three credit reference agencies to correct the data. But the issue persisted. In June 2021, Debt Managers issued their final response. They accepted that the information reported had been incorrect, but felt they'd already resolved the matter. Mr M provided us with his credit file to show that the information was still incorrect.

Our investigator looked into things independently and upheld the complaint. Debt Managers didn't agree, so the complaint's been passed to me to decide.

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.

The evidence here is limited, so I've thought carefully about what's most likely to have happened based on the information I have.

Debt Managers have provided some evidence that they reported some information correctly, such as the zero balance. They now feel they didn't report any incorrect information. But from the limited evidence they've given us, I'm not satisfied that they were reporting the correct start date or default satisfaction date. And Mr M has provided his credit file to show that this information still remained incorrect months and months after he raised the issue with Debt Managers. Further, Debt Managers did previously admit that the information they'd reported on his credit file was incorrect.

From what I understand, there were issues with the information across the different credit reference agencies and Debt Managers had to contact all three to correct their data. That suggests that the issue was on Debt Managers' end – it is rather unlikely indeed that the different credit reference agencies all happened to separately make errors of their own.

So I think it's most likely that Debt Managers got things wrong here. And while I understand they feel they acted quickly and did what they could, the fact that the information remains incorrect suggests otherwise. Indeed, we're now almost a year on from Mr M making Debt Managers aware of the problem – and almost three years on from when he cleared the debt – and yet from what I can see, their credit file entry remains erroneous.

I understand this has caused Mr M some real trouble and upset in trying to sort things out, not least given all the time it's taken. I also understand it caused him some issues in finding a mortgage, though I'm pleased to hear he found one in the end. Our investigator suggested that Debt Managers should correct the credit file entry and pay Mr M some compensation for the distress and inconvenience caused, and I agree that's fair here.

Putting things right

I direct Debt Managers (Services) Limited to:

- Work with the credit reference agencies to make sure that the information for this account is fully correct across the board – including correcting the start date and default satisfaction date; and-
- Pay Mr M £200 compensation.

My final decision

For the reasons I've explained, I uphold Mr M's complaint, and direct Debt Managers (Services) Limited to put things right in the way I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 February 2022.

Adam Charles
Ombudsman