

The complaint

Mr H complains that Oplo PL Ltd are not reporting things correctly on his credit file.

What happened

This complaint surrounds a personal loan that Mr H took out in 2018. In 2020, he fell behind on the repayments.

In November 2020, Mr H was approved to enter into a Debt Arrangement Scheme (DAS), and in January 2021 Oplo began receiving reduced repayments.

In March 2021, Oplo defaulted the account.

Mr H argues that the DAS “supersedes” his original agreement, and so his default should be backdated and Oplo should be marking his payments as “on time” rather than continuing to report the default.

Our investigator looked into things independently and didn’t uphold the complaint. They explained that Oplo were allowed to default the account, and had sent the proper notice. They explained Oplo were correctly reporting the account as being defaulted but in a payment plan.

Mr H didn’t agree, so the complaint was passed to me to decide.

I sent Mr H and Oplo a provisional decision on 21 March 2022, to explain why I thought the complaint should only be partially upheld. In that decision, I said:

Lenders are allowed to default accounts even when the customer’s in a DAS. And Mr H was in sufficient arrears for Oplo to default the account here. They’re not required to report the account status as being “on time” as Mr H has suggested.

Lenders are required to report things accurately on credit files – and as far as I can see, that’s what Oplo have done here. They’re correctly reporting that the account defaulted and that it’s in a payment plan. Each month, Oplo are not registering a brand-new default, they are simply recording that the account is still in the same default it went into in March 2021. I understand Mr H is worried that the default will roll over and stay on his file for 12 years, but I hope I can reassure him that it will not. The default will fall off of Mr H’s credit file after six years from the original default date, like any other default.

So I don’t think Oplo have done anything substantially wrong here.

With that said, I think it would be fair if Oplo backdated the default date. I’ll explain.

Mr H's DAS was approved in November 2020. By that point, he was sufficiently far in arrears for his account to be defaulted. And given the DAS and the long-term reduced payment plan it involved, Oplo knew by this point that Mr H was not going to be able to clear his arrears and return to making his full contractual repayments any time soon. So at that point, it would have been fair for Oplo to default him.

By backdating the default, it could help make Mr H's credit file look a bit better now, as the default will be less recent, which may look better to potential lenders. It also means the default will fall off Mr H's file more quickly. And it would be consistent with how defaults are normally dated when a formal arrangement scheme is put in place.

Oplo say they weren't aware of the DAS until much later. But I can see from their internal systems that they were told about the DAS by Mr H and his representatives in September and December 2020. And Oplo's own final response says they were advised of the DAS's approval on 25 November 2020. Further, even if Oplo weren't aware of the DAS at the time, now that they are aware I still think it would be right to backdate the default date.

So I propose that Oplo backdate the default to 25 November 2020. I don't plan to award anything further.

I said I'd consider anything else anyone wanted to give me. Oplo said they were happy to backdate the default. Mr H disagreed with the provisional decision, which I'll talk about below.

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.

Mr H felt that we were mixing up his Debt Arrangement Scheme with English alternatives. He insisted that he should only be marked as being in a default in December 2020, with his account being marked as up to date under new terms after.

I can assure Mr H I'm fully aware that his Debt Arrangement Scheme is a Scottish scheme and that it is different to English or Welsh alternatives. But nonetheless, even while in a Scottish DAS, lenders can default one's accounts, and the default stays on one's credit file for six years. Lenders are not required to report the account as being up to date, even while in the DAS. And I would not expect Oplo to report *this* account as being up to date, because in reality it fell behind and defaulted.

As I explained in the provisional decision, I'm afraid Mr H seems to be mistaken about how defaults work. Lenders won't only mark you as being in a default for one particular month. Once the default happens, the debt stays in default until it falls off your credit file. Again, Oplo are not registering a new default each month for Mr H. They are simply recording that his account is still in the *same* default it went into before. And that's correct. The default will fall off Mr H's credit file after six years from its registration date – which will now be backdated to November 2020, meaning it'll fall off his file earlier.

So having reconsidered the case, I've come to the same conclusion as before, for the reasons set out above.

My final decision

I direct Oplo PL Ltd to backdate Mr H's default to 25 November 2020. I do not award anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 May 2022.

Adam Charles
Ombudsman