



The complaint

Mr J complains that Oakbrook Finance Limited (“Oakbrook”) gave him incorrect advice and reported inaccurate information to credit reference agencies.

What happened

Mr J took out a loan and made a partial settlement towards it in 2016.

He says he was advised to do this by Oakbrook’s collection agents, but that he could’ve afforded to pay it off completely and that he should’ve been advised that this would’ve looked better on his credit file.

Mr J also says Oakbrook hasn’t reported accurate information to credit reference agencies. He says Experian was reporting an active default and an outstanding balance on his account between December 2016 and August 2017, and TransUnion was reporting the same until January 2021, despite the fact that the account was settled in December 2016. He also said Equifax wasn’t showing the account at all.

Mr J complained to Oakbrook about these issues. Oakbrook said it didn’t make a mistake in reporting information to credit reference agencies and that it didn’t give incorrect advice – because its records showed that Mr J had asked to pay part of the debt and had been told this would be recorded as a partial settlement. Mr J was unhappy with Oakbrook’s response so he referred his complaint to this service.

Our investigator looked into the issues and ultimately thought that although it didn’t give Mr J incorrect advice, Oakbrook still hadn’t acted fairly. She recommended it pay Mr J compensation for the information it reported to credit reference agencies.

Because neither party agreed with our investigator’s opinion, the complaint was 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.

Having done so, I agree with our investigator’s assessment and will be upholding this complaint in part. I’ll explain why.

A previous ombudsman’s decision determined that this service could look into the advice Mr J was given in late 2016 about making a payment towards his debt and about the account showing incorrectly with credit reference agencies. So those are the two key issues I’m focusing on in this decision.

The advice Mr J received in 2016

I agree with our investigator that the advice Mr J received over the phone in 2016 doesn’t appear to have been unclear or misleading. I say this because:

- The call notes provided by Oakbrook suggest that its agent explained to Mr J that he had made a partial settlement and had the option of paying the remainder.
- I'm also satisfied from the notes I've seen, that Oakbrook listened to the call once Mr J complained, and that following this, it told Mr J that during the call he was advised that the credit reference agencies would show a "partially settled" account.
- I appreciate it's frustrating for Mr J that the call recording is no longer available, but the call was made over five years ago – and we don't expect businesses to keep call recordings indefinitely.
- Mr J says he had the money to pay off the entire debt, and that he would've done this if he had known the account would only show as partially settled on his credit report. But this doesn't persuade me that this is what his intention was at the time. I can see from the call notes that a settlement offer of £4000 was agreed and the outstanding balance of £1195 would be written off. So I'm satisfied that this is what Mr J intended and that he was given the correct information about what this meant for his credit file. So I'm afraid there's not enough evidence that Mr J was advised incorrectly.

For the above reasons, I won't be asking Oakbrook to do anything further in respect of this aspect of Mr J's complaint.

The information reported to credit reference agencies

Mr J says two of the credit reference agencies have been reporting the account incorrectly, and one hasn't been reporting the account at all. Oakbrook says none of the reported information was inaccurate because it sent the same information to all three agencies. So I've looked carefully at the evidence which includes copies of Mr J's various credit reports. And I've found the following:

- Equifax reports a satisfied default, which is correct – because the account has been in default. But it's also showing that the account defaulted in December 2016, which is incorrect as the account defaulted in October 2016. Oakbrook should correct this information with Equifax.
- The information provided to us by Oakbrook shows that it reported information to Equifax, and Equifax is reporting the account, contrary to what Mr J says. As our investigator mentioned, if Mr J is unable to see the account reported, then he'd need to take this up with Equifax directly.
- Experian and TransUnion are both reporting the account correctly, after the information was corrected by Oakbrook. Oakbrook has sent us evidence that although the partial settlement was made in December 2016, it was not correctly reported to credit reference agencies until August 2017. I've considered the impact of the incorrect information showing during that time on Mr J's credit report with these two agencies.
- Mr J says this caused him distress and inconvenience because he applied for loans and his applications were declined. He's sent us some evidence and after considering this, I'm satisfied the incorrect reporting affected his ability to obtain a loan in November 2017. This is because the reason given for the decline is an "unpaid default" – which was showing on Mr J's credit report. However, there isn't enough compelling evidence to show that any of the other applications were declined solely due to Oakbrook's error.

- I can see from the emails Mr J has provided, that the rental application was declined due to referencing checks, and in particular because Mr J's credit score was too low. But no other information has been provided so there's not enough evidence to show his score would've met the threshold had it not been for Oakbrook's actions.
- Mr J has provided information that he says shows that an active default has significantly more impact than a settled default. I've considered the information he's sent us and I don't disagree with what he's said about this. But I'd still need to be satisfied that the reason his other applications were declined was a direct result of Oakbrook's actions – and there's not enough persuasive evidence to show this. So I consider it possible that the decline was as a result of the default itself, rather than due to it showing as having an outstanding balance.
- Mr J has sent us an email from his forensic accountant, which he says evidences the loss he suffered as a result of the declined application in 2017 which was for a business loan. But having considered the contents of this email, it's clear that the loss would still need to be evidenced in two ways for a claim against Oakbrook to succeed. The forensic accountant says Mr J would need to show *“(1) that you were unable to obtain financing for this plan as a result of Oakbrooke's actions, and (2) that the plan was viable and realistic on the balance of probabilities”*. I'm not persuaded that this shows there was indeed a loss of over £500,000 as this is based on a forecasted profit from Mr J's own business plan – and I've no evidence of the viability of that plan.

I've considered what Mr J has said about the impact these errors had on him. And I appreciate why it was frustrating for him to see incorrect information showing on his credit reports. But I won't be requiring Oakbrook to compensate Mr J for the losses he says he's experienced. I do, however consider Oakbrook should compensate Mr J for distress and inconvenience caused to him as a result of the incorrect reporting and the significant time it's taken for this to be sorted out.

I appreciate Mr J's strength of feeling and his request that we consider the bigger picture to hold Oakbrook accountable for everything that's happened. But I can't make assumptions about the consequences of Oakbrook's actions and can only require Oakbrook to put things right where I'm persuaded by the evidence that it caused a loss.

Oakbrook acknowledges incorrect information was showing on Mr J's Experian report – but it has also said that the fact that a default was recorded for a substantial amount from October 2016 would have been an important factor in any credit assessment. I agree with this in part, but I also have enough information to show that Mr J's application in 2017 was declined on the basis of the “unpaid default” – and not just the fact the account had defaulted. And I've seen an email from Experian which says it contacted Oakbrook about this and Oakbrook told it not to make any changes.

So for the reasons I've explained, I find that it's most likely Oakbrook's error in reporting caused Mr J to lose out on the loan in November 2017 and that he was caused distress and inconvenience as a result of Oakbrook's actions overall. I consider £700 to be a fair and reasonable amount given the difficulties Mr J has described and considering the length of time these issues have taken to resolve.

So I'm requiring Oakbrook to put things right for Mr J in the following ways.

Putting things right

Oakbrook Finance Limited must now:

- Update the information it passed to Equifax to show the correct date of default.
- Pay Mr J £700 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint and require Oakbrook Finance Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 30 July 2022.

Ifrah Malik
Ombudsman