

## **The complaint**

Mr M complains that Creation Consumer Finance Ltd failed to remove records of an individual voluntary arrangement from his credit file.

## **What happened**

In June 2011 Mr M entered into an IVA. Creation was one of his creditors. The IVA ended in January 2020.

Mr M says that Creation should've removed an adverse marker from his credit file when the IVA ended but failed to do so. He complained to Creation.

In response, Creation said it should've applied a default to Mr M's credit file at the time he entered into the IVA, and that after 6 years, the default would no longer have shown on his credit file. Creation acknowledged that this wasn't what had happened. It said it had requested to remove the entry and offered £600 compensation.

Mr M accepted the compensation, but the adverse information remained on his credit file for another 6 months before it was removed. Mr M brought his complaint to this service because he doesn't feel that the compensation he's received is a fair reflection of the impact this has had on him. He says the entry on his credit file meant that he was refused mortgage offers and lost the opportunity to take advantage of the stamp duty holiday.

Our investigator upheld the complaint. He wasn't persuaded that the adverse data reported by Creation was the sole reason for Mr M not being able to get a new mortgage, but said it was clear that Creation hadn't done all it should have done, which had caused distress and inconvenience to Mr M. Then investigator recommend that Creation should pay a further £150 compensation in addition to the £600 already paid.

Creation didn't agree. It said it didn't dispute that it had made an error but said that it thought the compensation it had paid already was fair.

## **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.

Creation doesn't dispute that it made an error in the way it reported on Mr M's credit file. It says that it should've applied a default to the account in June 2011 when the IVA started, and that the default should've dropped off the credit file 6 years later. Creation accepts that it reported incorrectly. It says it took steps to correct this and paid compensation of £600 which it thinks is fair.

Mr M has explained that he's been trying to get a mortgage since 2019 and that he's been refused several times. He says that as a result, he's been stuck on an unfavourable rate, and that as soon as his credit file was amended, he managed to get a new mortgage straightaway.

I've thought about what both parties have said. I've looked at the records that Mr M has provided from his credit file and I have no reason to disbelieve him when he says he was declined a mortgage. That said, I haven't seen any evidence to persuade me that Creations' adverse entry was the main reason for Mr M being declined a mortgage. So, I'm unable to say that Creation should compensate for the losses he says he's suffered as a result of not being able to get a mortgage.

### **Putting things right**

I can see that after Creation acknowledged its error and told Mr M that it would correct his credit file, it took several more months before things were resolved. I've taken account of the impact that this further delay had on Mr M. It's clear that Mr M has been caused significant distress over an extended period of time. I don't think the compensation paid by Creation is fair in the circumstances. A further sum of £150 should be paid.

### **My final decision**

My final decision is that I uphold the complaint. Creation Consumer Finance Ltd must pay further compensation of £150 to Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 March 2022.

Emma Davy  
**Ombudsman**