

The complaint

Mr P complains that Clydesdale Bank Plc (Clydesdale) marked his credit file with a missed payment marker.

What happened

Mr P had a loan from Clydesdale. It was originally provided by Yorkshire Bank – which was then rebranded as Virgin Money. But I will refer to the lender as Clydesdale in this decision. The loan was for £15,000 and started in May 2019, payable over 60 months with repayments of £405.02 per month. Mr P's income was affected by the pandemic. Clydesdale agreed to provide two periods of payment holiday under the pandemic support scheme – in March 2020 for three months, and then in July 2020, again for three months. Late payment markers were applied to Mr P's credit file in November 2020 and December 2020. In January 2021, Mr P entered into an Individual Voluntary Arrangement (IVA).

Mr P complained. He said the late payment markers weren't fair as he'd paid the monthly instalments in November 2020 and December 2020. He also said he couldn't see why his loan balance had gone up – even though the payments had been made. Mr P said to us that he entered an Individual Voluntary Arrangement (IVA) in January 2021 and had the loan balance been better explained by Clydesdale, that wouldn't have been necessary. And when he called Clydesdale on 20 November 2020 – they'd called an ambulance because of what he said – this was unnecessary, a waste of everyone's time and that visit was now on his medical records.

Clydesdale agreed that they'd made an error in marking Mr P's credit file with a late payment marker in November 2020. They agreed to remove that. And for that error, together with a number of other service issues (which are not part of the complaint that Mr P brought to us) – they paid total compensation of £225, plus they also funded the loan payment of £405.02 in January 2021.

Mr P brought his complaint to us. Our investigator said she thought Clydesdale should do more. She could see that the loan payment had been made in December 2020 and Mr P provided evidence that his credit file was marked for that month. So – Clydesdale should remove that. She explained that one reason that Mr P saw his loan balance increasing was that each month – the interest was applied first, and the loan payment was then made a few days later. And in-between, the balance went up by the amount of the interest. She couldn't agree that what Clydesdale had said about Mr P's loan balance could've directly caused the IVA. And she said that it was reasonable that Clydesdale called an ambulance in November 2020 – based on what he said to them.

Mr P didn't agree and asked that an ombudsman look into his complaint.

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.

There are four aspects to Mr P's complaint.

- Interest and payments to his personal loan – which caused his initial complaint to Clydesdale.
- The markers to his credit file in November 2020 and December 2020.
- Clydesdale's decision to call an ambulance to him following his call on 20 November 2020.
- Mr P's IVA in January 2021.

Interest on the personal loan and payments to personal loan: Mr P asked for two payment holidays under the Covid-19 support scheme. To be clear, I will explain what this was. In April 2020, The Financial Conduct Authority (FCA) announced guidance to lenders in response to the effects on customers of the COVID-19 pandemic. All lenders, including Clydesdale, had to put in place 'payment holidays' on many credit agreements, including personal loans – to help customers who were affected. Customers could ask for a total of two payment holidays, each of three months – whereby payments could be suspended. Missed payments would not be reported to credit reference agencies, although interest would still be debited to the accounts. This support was provided by firms up to the end of October 2020.

I can see that Clydesdale gave Mr P two periods of payment holiday, each for three months – in March 2020 and July 2020. That was the maximum allowed under the scheme. During this time, no payments were made to Mr P's personal loan. I looked at Mr P's loan statements – and no interest was charged between April 2020 and September 2020. So – even though as part of the scheme, Clydesdale could've charged interest, they didn't – so that was a benefit to Mr P.

Mr P has said that his loan balance was increasing and so there must have been an error by Clydesdale. He said it was going up by around £200 a month. I've looked at this. On 31 March 2020 (at the start of the payment holiday) – the balance was £13,463. On 1 October 2020 – it was still £13,483 (after the payment holiday ended). So – this indicates the payment holiday worked as was intended - no interest was paid and no payments were made. On 31 October 2020, interest of £234.89 was debited – and the next payment of £405.02 was credited – later - on 4 November 2020. So as our investigator said, this may be an explanation as to why Mr P was concerned. I then looked at Mr P's loan statement further. We don't provide a checking/audit service, but I can see that interest payable was around £230 per month, and payments were £405.02 a month – and so the balance was reducing by around £175 a month – which looks right.

And so – from what I could see on Mr P's loan as it ran throughout 2020, things looked to be run properly by Clydesdale and in line with the loan agreement.

Markers on Mr P's credit file: Clydesdale admitted that they made an error in marking Mr P's credit file with a missed payment in November 2020 – and I can see that payment was made. Clydesdale apologised and deleted this from Mr P's credit file – and showed us evidence they did this. Mr P then showed us evidence that his credit file was also marked with a missed payment in December 2020. We looked at this and confirmed that the payment was made. This was therefore an error by Clydesdale and this should also be removed as part of this decision.

Calling of an ambulance: Mr P argues that this wasn't necessary and therefore his medical records were now marked. He showed us the ambulance report which stated that it was a

“false alarm”. But equally, I heard on the call between Mr P and Clydesdale on 20 November 2020 – that Mr P told Clydesdale that on the previous call he’d said *“I feel like smashing my head against a brick wall. You make me feel suicidal.”* Mr P says that this was just an expression – and it was borne out of his frustration with Clydesdale. And he didn’t mean it. But – I think it’s reasonable to say that it appears that Clydesdale only had Mr P’s best interests at heart in doing what they did. And therefore, I can’t say they were wrong in doing that.

Individual Voluntary Arrangement: Mr P argues that he may not have entered an IVA had the balance of his loan been better explained to him, and if the markers on his credit file not been put on. We haven’t asked Mr P for his overall circumstances at the time – but the decision to enter an IVA would typically be where a customer’s debts were so substantial as to be unmanageable. Mr P told us that he was taking advice from debt advice agencies – and therefore, it would’ve been they, or an insolvency practitioner, who advised him to enter an IVA. In all honesty, I think it would be unlikely that a confusion over the loan account balance or two missed payment markers would’ve caused the IVA. And so, on balance, I’m not persuaded that the actions of Clydesdale could’ve been considered so significant to have caused the IVA.

And so, in summary – I agree that Clydesdale should remove the missed payment marker from Mr P’s credit file for the month of December 2020.

I now need to look at the matter of compensation. Clydesdale apologised for their error regarding the missed payment marker on Mr P’s credit file in November 2020. And for that, along with several other complaints, paid Mr P compensation of £225, plus they also made the January 2021 payment of £405.02 to Mr P’s loan – so a total of £630.02. Our service considers an award of this amount to be appropriate where the business’s mistakes cause sustained distress, potentially affecting someone’s health, or severe disruption to daily life typically lasting more than a year. I think it’s fair to say that what happened to Mr P falls into this category – and so, I consider this to be sufficient compensation for what happened. And – I won’t be asking Clydesdale to pay anymore. **(continued)**

My final decision

I uphold this complaint. Clydesdale Bank Plc must:

- Remove the late payment marker from Mr P’s credit file for December 2020.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 21 June 2022.

Martin Lord
Ombudsman