



The complaint

Mr S has complained about the support he received from Close Brothers Limited, trading as Close Brothers Motor Finance (Close Brothers).

What happened

In September 2018, Mr S entered into a Conditional Sale Agreement with Close Brothers to acquire a used car. The cash price of the car was around £11,000. The amount of credit was around £10,786. Mr S provided an advance payment of around £214, and there were 60 monthly repayments of around £260.

The contact notes and the balance statement for Mr S' finance agreement, provided by Close Brothers, show that in March 2020 Mr S missed a payment on his finance agreement. In April 2020, Close Brothers spoke with Mr S, and they agreed to provide him with assistance because he was experiencing financial difficulty as a result of the Covid-19 pandemic. The contact notes show that Close Brothers agreed to provide Mr S with 30 days breathing space, hence allowed him to postpone his April payment, and they explained to Mr S that there will be no negative impact on his credit file as a result of this payment not being made. This breathing space was further extended by another 90 days, so Mr S's May 2020, June 2020 and July 2020 payments were also postponed.

Regarding the March 2020 payment that was missed, the contact notes show that Close Brothers advised Mr S that the March 2020 payment was already logged as a missed payment on his credit file, and that they agreed to log this as a complaint for him.

Mr S is unhappy because he said that Close Brothers were incorrectly reporting adverse information on his credit file for the payments mentioned above. He said that he had a payment plan in place, and his payments were always paid on time. He said they incorrectly reported adverse information on his credit file which prevented him from getting credit. So, he said, he wants Close Brothers to pay him a fair and reasonable amount of compensation.

In February 2021, Close Brothers wrote to Mr S. In this correspondence they explained that they submitted an amendment request, at the start of February 2021, for all late payment markers to be removed from Mr S's credit file for the period between April 2020 and January 2021. They also explained that requests can take up to 60 days to be fully implemented by the credit reference agencies, and that, most likely, at this time his credit file was still in the process of being amended. Since then, Close Brothers have also told our service that the adverse information for the March 2020 payment was requested to be removed as well.

Mr S was unhappy with Close Brothers' response, so he brought his complaint to this service.

Our investigator thought the complaint should be upheld, and thought that Close Brothers should pay Mr S £150 for the distress and inconvenience caused.

Close Brothers agreed with the investigator, but Mr S disagreed. He was not happy with the amount of compensation because he felt that it didn't properly reflect the amount of distress

and inconvenience caused, and he mentioned that the phone calls he had to make probably amounted to more than the £150 compensation suggested by the investigator.

So, the complaint has 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.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered to have been good industry practice at the relevant time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I also want to acknowledge that I've summarised the events of the complaint. But I want to assure Mr S and Close Brothers that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Mr S acquired the car under a Conditional Sale Agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements.

In this decision I'm only considering the issues Mr S had with Close Brothers reporting negative information on his credit file including, and during, the period between March 2020 and January 2021, so specifically only the issues that have been addressed by Close Brothers in their final responses dated 2 February 2021 and 12 February 2021.

Also, Close Brothers have told us that in April 2020 it appears that no action was taken by them to remove any adverse information relating to the March 2020 missed payment. They said this was because the direct debit was called for prior to the government announcements around Covid-19 and because Mr S hadn't contacted them prior to the direct debit being cancelled to let them know he wasn't able to make the payment. However, Close Brothers have told us that all adverse information including the information surrounding this missed payment were requested by them to be removed from Mr S's credit file. So, the only issue remaining for me to consider is the impact Close Brothers' error had on Mr S.

Mr S says that he was unable to get credit while the information on his credit file was being incorrectly reported. So, I've considered this, but I've not seen enough evidence for me to conclude that Close Brothers' reporting of adverse information on Mr S's credit file was most likely the reason for Mr S directly incurring a loss. From the available evidence, I haven't seen anything to suggest that the adverse information recorded on his credit file was why he couldn't obtain credit. So, I can't say that most likely it's Close Brothers' action that directly caused him a financial detriment.

Mr S also feels that the £150 compensation proposed by the investigator is not enough because he feels that it doesn't properly reflect the amount of distress and inconvenience he was caused. He mentioned that the phone calls he had to make probably themselves amounted to more than the £150, but Mr S has not provided our service with any information to substantiate this financial loss. However, I've taken into consideration everything he told us about the impact of Close Brothers' mistake had on him. Considering everything, I think

Close Brothers' errors have caused Mr S distress and inconvenience when he was trying to sort this out. And I think that Close Brothers should pay Mr S £150 to fairly reflect the impact their errors had on him.

When considering the fair amount of compensation, I've also kept in mind that Close Brothers retrospectively agreed to remove the adverse information surrounding the March 2020 missed payment. This was fair considering the circumstances, but I think most likely it wasn't unreasonable for Close Brothers to initially record adverse information for that payment; given Mr S didn't ask them for help before missing the March 2020 payment. So overall, I do think that Close Brothers took a long time to correct Mr S's credit file, but even if the adverse information was corrected quicker, there still would've been a period of time when Mr S had a missed payment showing on his credit file.

Also, I understand that Close Brothers have removed all adverse information from Mr S's credit file, but, if they have not done so, they should do so as soon as possible, and from all the credit reference agencies they report the information to. This is any adverse information that would've been recorded on Mr S's credit file including, and during, the period between March 2020 and January 2021.

My final decision

My final decision is that I uphold this complaint, and I require Close Brothers Limited, trading as Close Brothers Motor Finance to take the following actions:

1. Pay Mr S £150 compensation;
2. Remove any adverse information recorded on Mr S's credit file in relation to the Conditional Sale Agreement, including, and during, the period between March 2020 and January 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 March 2022.

Mike Kozbial
Ombudsman