

The complaint

Mr O is unhappy that Shawbrook Bank Limited didn't apply a payment holiday to his account in a timely manner which resulted in missed payments being reported by Shawbrook to his credit file, or that Shawbrook didn't then correct his credit file as quickly as they should have done.

What happened

Mr O has a loan with Shawbrook that was repaid by Mr O without significant incident until February 2020. Towards the end of March 2020, Mr O contacted Shawbrook and asked for a payment holiday on his loan account as he was struggling to meet the repayments because of the financial impact of Covid-19.

While the Financial Conduct Authority (FCA) were close to issuing temporary guidance surrounding such payment holidays, this guidance hadn't yet been published, and as such the Shawbrook agent that Mr O spoke with wasn't able to agree to Mr O's request at that time, although they did log Mr O's request and promise Mr O that he would receive a call back from Shawbrook about it.

On 30 March 2020, a loan payment was taken by direct debit from Mr O's current account. Mr O called Shawbrook about this as he couldn't afford to make the payment at that time. Mr O was advised to claim the payment back via his bank, and was later advised that his loan repayment direct debit would be cancelled so that no further payments would be taken while Mr O waited for the payment holiday he had requested to be approved.

The FCA published their guidance on temporary at the start of April 2020, and the guidance came into effect on 9 April 2020. However, when Mr O contacted Shawbrook at the end of April 2020 he was told that his requested payment holiday still hadn't been approved. Shawbrook then took another loan payment by direct debit from Mr O's current account on 30 April 2020, even though they'd promised Mr O previously that this wouldn't take place. Again, Mr O was advised by Shawbrook to reclaim this payment via his bank.

In May 2020, Mr O contacted Shawbrook again because he'd noticed that Shawbrook were reporting missed payments on his loan account to his credit file. This was of particular concern to Mr O as his mortgage was coming up for renewal and he was worried that the adverse reports that Shawbrook were making on his credit file would impact the mortgage renewal rate he'd be able to obtain.

The Shawbrook advisor that Mr O spoke with confirmed that Mr O's payment holiday request still hadn't been approved, but that when it was, Shawbrook would backdate the payment holiday to when he first made the request and amend his credit file accordingly, although this could take up to 30 days. Mr O didn't consider this to be satisfactory, and so he raised a complaint with Shawbrook, highlighting the urgency of the matter in consideration of his upcoming mortgage renewal.

Shortly afterwards, Mr O's payment holiday request was approved, and a three-month payment holiday was applied to his account retrospectively from when Mr O first requested

the payment holiday in March.

A few days later, Mr O spoke with Shawbrook and was advised that the payment holiday had been applied to his account and that his credit file would be updated accordingly, with the missed payments reporting being removed. However, despite Mr O chasing this matter, it wasn't until 6 June 2020 that Shawbrook requested for his credit file to be amended.

Following Shawbrook making this request, Shawbrook responded to Mr O's complaint and acknowledged that they could have processed his payment holiday and credit file amendment requests more quickly. Shawbrook apologised to Mr O for this and made a payment of £100 to compensate Mr O for the trouble and upset this matter had caused.

Mr O wasn't satisfied with Shawbrook's response and felt that Shawbrook's reporting of missed payments to his credit file had led to him receiving a less favourable mortgage renewal rate than he should have received. So, he referred his complaint to this service.

One of our adjudicators looked at this complaint. But they felt that it couldn't be definitively determined that Mr O would have received a better mortgage renewal rate had Shawbrook not made the reporting to his credit file that they did, and they also felt that the response that Shawbrook had issued to Mr O's complaint, including the payment of £100 compensation, already represented a fair and reasonable resolution to what had taken place. So, they didn't uphold Mr O's complaint.

Mr O remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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.

I issued a provisional decision on this complaint on 9 February 2022 as follows:

In April 2020, the Financial Conduct Authority ("FCA") published temporary guidance regarding the provision of three-month payment holidays to eligible consumers who were experiencing difficulty meeting the payments due on their credit accounts because of financial difficulties brought about by the impact of Covid-19. The FCA guidance included that, for these three-month payment holidays only, the reporting of these payment holidays to the credit reference agencies would be suspended, so that an eligible consumer who benefited for such a payment holiday didn't have their credit file impacted by doing so.

Not all consumers were eligible to receive these three-month payment plans, and the FCA explained that the purpose of the guidance was to protect consumers who had been able to meet the repayments on their credit accounts without incident until that time, but who were at risk of incurring adverse reporting for missed or late payments on their credit files solely as a result of the impact of Covid-19.

In this instance, Mr O had maintained the repayments on his loan account without significant incident and so I'm satisfied that he was an eligible consumer and was entitled to benefit from the FCA prescribed three-month payment holiday on his loan account.

However, it's notable that Mr O first applied for this payment holiday at the end of March 2020, which was before the payment holiday guidance was published by the FCA and before that guidance came into force on 9 April 2020.

Shawbrook have confirmed that they received a large number of requests for these payment holidays, and I think it's important to acknowledge that Shawbrook, like many businesses, were themselves struggling to adapt to the unique pressures brought about by the Covid-19 pandemic at that time, which included reduced staff numbers and the logistical issues arising from the sudden need to have as many available staff as possible working from home.

That being said, it's notable that Shawbrook didn't apply the payment holiday to Mr O's loan account until mid-May 2020, which was over six weeks from when Mr O had first requested the payment holiday and over five weeks from when the FCA had published their temporary guidance mandating such payment holidays.

And, while it was the case that Shawbrook backdated the payment holiday to when Mr O first requested it, it's difficult not to feel that Mr O's request for a payment holiday should have been treated with more urgency by Shawbrook, given the frequency with which Mr O was chasing Shawbrook about this and his reasonable concerns about his upcoming mortgage renewal.

Additionally, once Shawbrook had approved and backdated Mr O's payment holiday request it's evident that it took a further three weeks for Shawbrook to then submit the appropriate credit file amendments to the credit reference agencies. And again, considering Mr O's position at that time, and the obvious concerns he had about the state of his credit file which he repeatedly informed Shawbrook about, it's difficult not to conclude that Shawbrook should have acted more quickly in this regard, even in consideration of the operational difficulties which Shawbrook themselves may have been facing at that time.

All of which means that, while I can appreciate that Shawbrook were themselves affected by Covid-19, I don't feel that the payment of £100 compensation to Mr O takes sufficient account of the impact of Shawbrook's delays in processing Mr O's payment holiday request and correcting his credit file, which I'm satisfied was a cause of distress and inconvenience for Mr O given his circumstances at that time, and which was compounded by other factors, such as Shawbrook taking a payment against the loan in April 2020 when they'd previously advised Mr O that this wouldn't take place.

As such, my provisional decision here will be that I am upholding this complaint in Mr O's favour and instructing Shawbrook to make a further payment of £200 to Mr O, taking the total amount of compensation payable to him to £300.

I'm aware that Mr O feels that an even higher amount of compensation should be warranted here, on the basis that the missed payments being reported to his credit file incorrectly by Shawbrook were present when his mortgage was due for renewal, and that the presence of these missed payments on his credit file resulted in him gaining a less favourable interest rate on his mortgage renewal than should have been the case.

I can appreciate Mr O's concerns here, but there can be many reasons why a mortgage provider offers the renewal rate that it does, and Mr O hasn't provided this service with any documents or information that I feel allows me to reasonably conclude that Shawbrook's reporting of the missed payments on his credit file was

the sole reason that his mortgage renewal rate was higher than it should have been. And as such, I don't feel that I can fairly uphold this aspect of Mr O's complaint.

In my provisional decision letter, I gave both Mr O and Shawbrook the opportunity to provide any comments or new information they might wish me to consider before I moved to a final decision. Shawbrook confirmed that they were happy to accept my provisional decision, whereas Mr O did not respond.

As such, I see no reason not to issue my final decision on the same basis as outlined above in my provisional decision, and I can confirm that my final decision will be that I uphold this complaint in Mr O's favour on that basis accordingly.

Putting things right

Shawbrook must make a further compensation payment of £200 to Mr O, taking the total amount of compensation payable to £300.

My final decision

My final decision is that I uphold this complaint against Shawbrook Bank Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 8 April 2022.

Paul Cooper
Ombudsman