

The complaint

Mr G complains about entries recorded on his credit file by National Westminster Bank Plc ("NatWest").

What happened

Mr G holds a mortgage account with NatWest. In March 2020 NatWest agreed to a payment holiday on the account due to the Covid-19 pandemic. This applied from April 2020 until September 2020. Afterwards, as Mr G was still affected by the pandemic, NatWest agreed to accept reduced monthly payments from October 2020 to December 2020. Another reduced payment plan was agreed from January 2021 until March 2021. In April 2021, NatWest agreed a period of forbearance and no payments were made between April and June 2021.

Mr G was agreeing these arrangements with NatWest at each stage. But, as he wasn't making the contractual payments, arrears were building up on the account.

In July 2021, Mr G agreed a repayment plan with NatWest. The monthly payment under this arrangement is the mortgage payment plus an extra amount to clear the arrears. Mr G has maintained the payments under this plan.

There was an issue with the July 2021 payment whereby the Direct Debit was collected even though Mr G had made a manual payment for that month. The Direct Debit was returned, but Mr G says that NatWest's system treated this as a missed payment. NatWest paid Mr G £50 for the distress and inconvenience caused by this. It said it would ensure that his credit file showed that he was in an arrangement to pay for July and August 2021 and that it would make any necessary amendments.

Mr G accepts that his account is reporting as being in an arrangement to pay. But he says that missed payment markers are also being recorded, even though he isn't missing payments. He says this started showing on his credit file from September 2021, but the arrangement to pay marker has been on his credit file since the end of 2020. He also says that the missed payment markers for July and August 2021 dropped off when NatWest corrected his credit file.

Mr G raised a complaint with one of the Credit Reference Agencies ("CRAs"), querying the missed payments. But he says the CRA said that NatWest is reporting both the arrangement to pay and the missed payments.

NatWest offered a further £100 to resolve the complaint after Mr G brought it to this service. Mr G didn't accept this as he remains concerned about the entries on his credit file. He says he can't transfer his credit card balance elsewhere because of the adverse entries, so he would like NatWest to set the interest rate on his credit card account to 0% as part of the resolution to this complaint.

Our Investigator didn't think NatWest needed to do anything further here. But Mr G didn't agree and asked for the complaint to be reviewed by an Ombudsman.

Mr G has provided screenshots from both a credit website (which I'll call C) and NatWest's own app. They consistently record that he recently missed a payment on the mortgage account, usually one month ago. I asked NatWest about this. It confirmed that Mr G's account is in arrears, that he's maintaining the arrangement to pay and isn't missing payments. NatWest says it's reporting this correctly to the three main CRAs.

NatWest says it doesn't have control over how the CRAs report this data. It explained that the information displayed on NatWest's app is taken from just one of the CRA's. This is the same CRA which C takes data from. NatWest confirmed that its app simply displays the information from the CRA and is not NatWest's interpretation of Mr G's credit file.

NatWest says it has checked with the CRA, which has responded that it is correctly reporting the information which NatWest is providing to it. NatWest says the CRA explained that the information displayed to Mr G is an accurate reflection of how the data is treated from a credit scoring perspective and that an arrangement to pay doesn't alter a customer's payment status within its customer reporting. But Mr G remains unhappy about the information on his credit file and says it's affecting his credit score.

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.

Mr G accepts that his account should be reporting as being in an arrangement to pay. I'm satisfied that NatWest is reporting this to the CRAs, so I don't find there to be any error in that respect.

The main issue here is the reference to missed payments. I'm satisfied that Mr G is not missing payments on the account. NatWest accepts that he is not missing payments. But both C and the NatWest app are regularly recording that he is behind with a payment. This is generally presented as him having missed a payment one month ago, although the most recent screenshot I've seen says that Mr G last missed a payment three months ago. I've considered whether this is caused by a mistake on NatWest's part. I don't think it is and I'll explain why.

I'm satisfied that NatWest is not reporting missed payments to the CRAs. It is reporting that the account is in arrears, which is correct. The information I've seen shows that all the CRAs (of the three which NatWest reports to) are recording that the account is in an arrangement to pay. One simply records the arrangement to pay whereas the others also record that the account is in arrears. The CRA from which C and the NatWest app take their data records that the account is in arrears and in an arrangement to pay.

NatWest has suggested that the term "missed payment" may be being used to reflect the fact that payments on the account are more than one month behind, that is, that the account is in arrears by more than one contractual payment. It says that the account would first show as having a missed payment when the amount overdue is at least as much as one contractual payment. It says that this will continue to show as missed until the full amount of the arrears has been cleared, even if payments are made on time.

I think that's a reasonable explanation. I think it's likely that the reference to missed payments is linked to the payment status which is being recorded by the CRA. From the information I've seen, it looks as though the payment status of Mr G's account is that payments are more than three months behind and new repayments have been agreed to bring the account in order. The payment status appears to have been reported in this way since around July 2021, which is when the repayment plan was agreed.

I'm not looking at the way the CRAs record the information, as they're not part of this complaint. I'm only looking at what NatWest has done here. I'm satisfied that it's reporting the account correctly as being in arrears with an arrangement to pay in place and that Mr G is making the monthly payments. It isn't reporting missed payments.

Mr G has queried why the missed payment comment fell away for July and August 2021 when NatWest corrected his credit file. I haven't seen anything which confirms the reason for this. But I find it most likely that any change in the data for those months could have been a result of amendments by NatWest in response to the complaint about the Direct Debit in July 2021. The complaints team said they would check in September 2021 that the account was reporting as being in an arrangement and that they would make any amendment needed. I think it's possible that, if they saw a reference to missed payments or arrears, the complaints team might have removed those for July and August to ensure that Mr G wasn't adversely affected by the Direct Debit being taken in error.

If Mr G remains unhappy about the way the account is being recorded, I suggest that he makes further enquiries of the CRA. I'm only looking at NatWest's actions here, not at how the information is interpreted or recorded by the CRAs. I think NatWest has tried to help in explaining the references to missed payments on the app and on C's website. NatWest offered a further £100 to resolve this complaint and I think that was fair. But I don't think NatWest is reporting the account incorrectly, so I don't think it needs to do anything more.

My final decision

National Westminster Bank Plc has already made an offer to pay a further £100 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that National Westminster Bank Plc should pay £100 to Mr G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 January 2023.

Katy Kidd
Ombudsman