

## **The complaint**

Mr M complains that Volkswagen Financial Services (UK) Limited ("VWFS") wrongly recorded missed payments on his credit file. And that, when he complained, VWFS took too long to correct the information.

## **What happened**

Mr M obtained a car in June 2017 through a three-year hire agreement with VWFS.

In March 2020, Mr M wanted to end the agreement and he paid the settlement figure. But, shortly afterwards, he changed his mind and asked for the termination to be reversed. VWFS initially told Mr M it couldn't reverse the termination. But, when he complained, VWFS upheld his complaint and reversed the termination. It said the amount Mr M had paid would be used to cover his monthly rental payments. The agreement ended in June 2020 and the car was collected.

But, in the same month, Mr M received correspondence to tell him his account was in arrears and this was recorded on his credit file.

VWFS said the arrears notice had been automatically generated and was wrong. And, in early November 2020, it said it would amend his credit file but failed to do so. It apologised and offered to pay Mr M £250. It said this represented £25 for each month his credit file had been impacted, plus a further £50 for failing to amend his credit file when it should have done.

Our investigator thought VWFS's offer was fair and reasonable.

Mr M didn't agree. He told us VWFS had increased its offer to £450, which VWFS hadn't made us aware of. He said his credit score went from him being a low risk borrower to a high-risk borrower and this affected his ability to obtain credit at a time when he was under financial strain.

## **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.

This decision isn't about the termination process itself. Our investigator explained we can't consider Mr M's complaint about the termination process because the complaint was referred to us more than six months after the final response letter. I agree with our investigator's conclusion and, as Mr M didn't provide any further comment about this, I will focus on his complaint about the adverse information recorded on his credit file, which has been brought to us in time.

VWFS explained that Mr M's credit file was affected because missed payments were wrongly recorded from March to November 2020. I'm satisfied that it's apologised and

corrected the information. The only matter that remains in dispute is how much compensation VWFS should pay.

I've considered this very carefully. And I appreciate what Mr M has told us about the financial difficulties he faced coming out of the national lockdown. He says he would have faced high interest rates if he'd tried to borrow money because of what was recorded on his credit file. And I accept that's possible. But Mr M didn't apply for any credit. So I can't conclude that he was unsuccessful in applying for credit, or that he wasn't offered a competitive interest rate on borrowing, because of the missed payments recorded on his credit file. For that reason, I think the VWFS's offer of £450 is fair and reasonable. It represents £50 for each month Mr M's credit file was wrong, and £50 for the inconvenience caused.

I appreciate Mr M will be disappointed by my decision and he's said he will consider taking legal action. He will be free to do so if he chooses not to accept my decision.

### **My final decision**

My final decision is that Volkswagen Financial Services (UK) Limited should pay Mr M £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 April 2022.

Elizabeth Dawes  
**Ombudsman**