

The complaint

Mr A complains that Klarna Bank AB (publ) (Klarna) unfairly put missed payment markers on his credit file. He would like these removed, an apology and £200 compensation.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here instead I will focus on giving the reasons for my 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.

Having done so I have reached the following conclusions:-

- Klarna accepts that although it's the customer responsibility to keep accounts up to date that Mr A might have been confused by how its automatic payments are set up. Although Mr A set up a direct debit mandate he didn't set up an autopay function to allow payments to be taken. So, it agreed to remove late payment markers for April and June 2021 but not the marker for July 2021. It also agreed to pay compensation for the inconvenience but only £50 not the £100 our investigator recommended.
- I agree with Klarna that Mr A had some responsibility to keep across his own account. From Klarna's records it's clear Mr A didn't open some documents such as his April statement and a 'friendly reminder' about payment until some months later. I don't know why that was.
- However, given Klarna accepts its auto payments system might be confusing it doesn't seem logical to remove late payment markers for April and June 2021 but not July 2021. It seems that it was only made clear to Mr A what the problem was in a conversation transcript on 30 August 2021, later confirmed by the final response letter in September 2021. I think it's fair to remove the late payment marker in July 2021 as I don't believe Mr A knew what the problem was at that point..
- I think the £100 payment for distress and inconvenience our investigator recommended was reasonable. As Mr A set up the direct debit mandate I think he intended to make the payments. So, I think the effect of not having the payments taken on his credit file would have been stressful and inconvenient...
- Mr A has told us that because of the negative credit information he has had to sell his house to 'arrange money for due payments'. He hasn't evidenced why he needed or that he did take such drastic action. But he is liable for the payments on his account, so I don't feel I can reasonably take this into account in looking at the level of compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement that Klarna Bank AB (publ) should :-

- Remove the late payment markers on Mr A's credit file for April, June, and July 2021
- Pay Mr A £100 compensation for the distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 July 2022.

Bridget Makins
Ombudsman