

The complaint

Mr M complains about the information about his credit card account that Creation Financial Services Limited has recorded on his credit file.

What happened

I issued a provisional decision on this complaint in August 2022 in which I described what had happened as follows:

“Mr M had a credit card account which was in arrears and he had other debts. He entered into a debt arrangement scheme in 2014 that included the debt that he owed to Creation Financial Services. The debt arrangement scheme was successfully completed in July 2021 but he says that Creation Financial Services was still recording adverse information about the account on his credit file. He complained to Creation Financial Services in August 2021 and it said that a request was sent to the credit bureaus in November 2021 to make the necessary amendments to his credit file. It apologised for the unnecessary delays in the information being updated and offered to pay £75 compensation to Mr M for the distress and inconvenience that he had suffered. Mr M wasn’t satisfied with its response so complained to this service.

Our investigator didn’t recommend that his complaint should be upheld. He said that Creation Financial Services had sent an update to the credit bureaus and had offered £75 in recognition of its delay but he felt that there was no incorrect information on Mr M’s credit file. He said that he had no evidence to confirm whether or not the account was closed at the point of default and he felt that it was best for Mr M to confirm with Creation Financial Services the status of the account and then choose his next course of action.

Mr M has asked for his complaint to be considered by an ombudsman. He has responded in detail and says, in summary and amongst other things, that the data that Creation Financial Services has recorded on his credit file remains incorrect and it has failed to update it – it states that his account is part of a debt management plan, shows it as open when it should be closed, shows missed payments and it should be removed after six years from the default date like the practice followed by the rest of the finance industry”.

I set out my provisional findings in my provisional decision and said: *“I intend to uphold Mr M’s complaint for these reasons:*

- this service offers an informal dispute resolution service and we try to resolve complaints by customers about financial businesses by looking at what we consider to be fair and reasonable in the circumstances;*
- Creation Financial Services hasn’t provided any information to this service about Mr M’s complaint so I’ve considered all of the evidence and comments from Mr M but if I haven’t referred to any of them in my decision, it’s because I’ve referred only to the evidence that I consider to me relevant for me to make that decision on his complaint;*

- *Mr M's credit card account with Creation Financial Services was included in the debt arrangement scheme that was successfully completed in July 2021 and Creation Financial Services says that it has updated the information that it's provided to the credit reference agencies but Mr M says that the information is incorrect and that all references to the account should be removed;*
- *he's provided two screenshots of his credit file with two different credit reference agencies – one shows the account as open with a zero balance and no other adverse information is shown but the other shows that the account is closed but that it was in a debt management plan that ended in November (without the year being specified);*
- *the account was included in a debt arrangement scheme – not a debt management plan - and Mr M's debt to Creation Financial Services was settled, but that doesn't mean that the account was closed;*
- *Mr M hasn't provided any information to show that he asked for the account to be closed and I'm not persuaded that Creation Financial Services was required to close the account when the debt arrangement scheme ended – but it's clear that Mr M considers the account to be closed so, if it hasn't already done so, I find that Creation Financial Services should close Mr M's account – the account can stay on Mr M's credit file for up to six years from the date that it's closed – but with no adverse information recorded about that account;*
- *I consider that any information about the debt arrangement scheme should have been removed from Mr M's credit file after it was completed in July 2021 so I find that Creation Financial Services should ensure that any information about a debt arrangement scheme (or a debt management plan) is removed from Mr M's credit file;*
- *I don't consider it to be appropriate for one credit reference agency to be showing the account as open and another to be showing it as closed so I find that it would also be fair and reasonable in these circumstances for Creation Financial Services to notify the credit reference agencies of the correct status of Mr M's account and to ensure that no adverse information about that account is recorded on his credit file;*
- *Creation Financial Services said in response to Mr M's complaint to that a request was sent to the credit bureaus in November 2021 to make the necessary amendments to his credit file;*
- *it apologised for the unnecessary delays in the information being updated and offered to pay £75 compensation to Mr M for the distress and inconvenience that he had suffered – but I consider that the distress and inconvenience that Mr M has been caused justifies a higher award of compensation and I find that total compensation of £200 (which includes the £75) would be fair and reasonable in these circumstances”.*

Creation Financial Services has confirmed that it has received my provisional decision and has no further information to add. Mr M says that the entries were removed from his credit file but have reappeared.

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 see no reason to change my provisional findings.

Putting things right

I find that it would be fair and reasonable in these circumstances for Creation Financial Services to take the actions described in my provisional decision and as set out below.

My final decision

My decision is that I uphold Mr M's complaint and I order Creation Financial Services Limited to:

1. Close Mr M's credit card account (if it hasn't already done so).
2. Ensure that any information about the debt arrangement scheme (or a debt management plan) is removed from Mr M's credit file.
3. Notify the credit reference agencies of the correct status of Mr M's account and to ensure that no adverse information about that account is recorded on his credit file.
4. Pay total compensation of £200 (which includes the £75 compensation that it's already offered to him) to Mr M to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 October 2022.

Jarrold Hastings
Ombudsman