

The complaint

Mrs S complains about the information recorded on her credit file by Advanced Payment Solutions Limited trading as Cashplus Bank (Cashplus).

What happened

Mrs S had a loan with Cashplus. In June 2017 Mrs S agreed a payment arrangement of £30 per month. But in January 2018 Mrs S reduced the payment to £5 a month after a drop in household income. Cashplus didn't contact Mrs S about the reduced payments she was making or let her know the existing arrangement had failed.

Last year, Mrs S found missed payments on her credit file and complained to Cashplus. But Cashplus didn't agree that it had acted unfairly or incorrectly reported the status of the loan on Mrs S' credit file. Cashplus didn't uphold Mrs S' complaint.

An investigator looked at what happened and said Cashplus should've taken the step of closing Mrs S' account and recording a default in March 2018, after she stopped making the agreed £30 repayments. The investigator also asked Cashplus to pay Mrs S £150 for the distress and inconvenience caused. Cashplus initially rejected the investigator's view but agreed to amend Mrs S' credit file.

Mrs S got back in touch to say the credit file information hadn't been corrected as promised. As a result Mrs S' complaint has been passed to me to make a 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 agree with the investigator that Cashplus waited too long to take action in respect of Mrs S' account. The loan had been subject to a reduced payment arrangement in June 2017 but that failed in January 2018 when Mrs S reduced her payments to £5 a month. I'd have expected Cashplus to contact Mrs S to check when the payments level reduced. Instead, Cashplus left the account in place and continued to report increasing arrears on Mrs S' credit file. I agree with Mrs S that the information recorded by Cashplus is unfair.

Our investigator asked Cashplus to backdate the default to March 2018 – three months after Mrs S started making reduced payments of £5. That's the point I'd have expected Cashplus to review Mrs S' account and decide whether it was reasonable to leave the commitment open. Had Cashplus closed the account and recorded a default, it would've put a specific end date for the commitment on Mrs A's credit file. And that means the default entry will drop off Mrs S' credit file six years after March 2018. In my view, this is a fairer representation of the account history so I'm going to tell Cashplus to proceed on that basis.

Cashplus has sent a screenshot of its updated entry. Whilst I can see the "date of default" was changed to reflect 1 March 2018, the monthly payment profile used was still incorrect. The monthly payment profile shows the account as being subject to missed payments until

June 2022 and in July 2022 a “D” representing default is listed. So Cashplus will also need to ensure Mrs S’ payment profile is updated to reflect a default of March 2018, in addition to the overall date of default reported.

I can see Mrs S has experienced a reasonable level of distress and inconvenience over an extended period. As a result, I’m going to award £150 to reflect the trouble and upset caused by Cashplus’ actions.

My final decision

My decision is that I uphold Mrs S’ complaint and direct Advanced Payment Solutions Limited trading as Cashplus Bank to settle as follows:

- Amend Mrs S’ credit file to reflect a default date to 1 March 2018, ensuring the monthly payment profile is also updated to reflect the new information
- Pay Mrs S £150 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs S to accept or reject my decision before 8 December 2022.

Marco Manente
Ombudsman