

## **The complaint**

Miss D complains about problems with John Lewis Financial Services Limited after her credit card wasn't included in an Involuntary Arrangement (IVA).

## **What happened**

Miss D had a credit card with John Lewis and in late 2019 advised it she was entering into an IVA. Due to issues with the way the IVA was set up, John Lewis' credit card wasn't included so Miss D continued to receive contact from its collections team. And John Lewis continued to record arrears information on Miss D's credit file.

During 2020 John Lewis placed the collections activity on hold after Miss D advised she was in an IVA. John Lewis agreed to refer the matter to its IVA team but didn't resolve the situation. And that meant Miss D continued to receive collections contact.

In July 2021 Miss D complained to John Lewis but despite various parties making contact about her IVA, the debt wasn't included. There were delays at John Lewis and it came to light arrears continued to be recorded on Miss D's credit file.

Miss D complained again in November 2021 and John Lewis upheld it. John Lewis offered Miss D £300 and agreed to amend her credit file. But Miss D didn't accept and said the amount offered was unfair given the circumstances of her complaint.

Miss D referred her complaint to this service and it was passed to an investigator. John Lewis increased its offer to resolve Miss D's complaint to £500 and confirmed that whilst the debt was never included in her IVA, it would no longer ask for payment. John Lewis agreed to remove the adverse information recorded on Miss D's credit file and mark the account as settled. But Miss D has sent in copies of her credit file that show the account remained open and arrears were sporadically reported by John Lewis.

The investigator upheld Miss D's complaint and asked John Lewis to pay her a total of £575 for the distress and inconvenience caused. John Lewis has advised there's no permanent systems fix in place to ensure Miss D's credit file remains unaffected by arrears information but says manual adjustments can be made each month. Our investigator didn't agree this was a fair approach and said John Lewis should delete the entry entirely in place of the temporary fix and making manual adjustments each month. John Lewis said it would pay the increased compensation but didn't agree to remove the entry from Miss D's credit file entirely.

As John Lewis didn't accept the investigator's view, Miss D'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've been reasonable brief in setting out the timeline above as all parties broadly agree about the key events. It's clear John Lewis' credit card debt wasn't included in Miss D's IVA. But I'm satisfied it could've taken quicker action to before the IVA concluded. And I'm pleased John Lewis has accepted the account is now considered closed and confirmed it won't chase Miss D for the balance.

John Lewis has agreed to pay Miss D £575 for delays and the service provided. I've considered everything Miss D's told us about how the issues impacted her and the difficulties caused. I don't doubt that the level of contact regarding a debt that ought to have been included in the IVA was distressing. And I agree that various errors in terms of the information reported by John Lewis on Miss D's credit file has added to that. In my view, £575 fairly reflects how the issues raised have affected Miss D. So I'm going to proceed on that basis and award Miss D £575 for the distress and inconvenience caused.

John Lewis says it has a temporary fix in place that means it will update Miss D's credit file manually each month. Our investigator thought the arrangement was unsustainable. And I agree that leaving a temporary fix in place that relies on manual intervention each month isn't a fair or reasonable way to draw a line under Miss D's complaint. Given we've already seen instances where arrears were recorded on Miss D's credit file in error, I'm not persuaded it's fair to leave the current situation in place in the long term.

Our investigator asked John Lewis to respond with a permanent fix over the course of several months. More recently, after we told John Lewis Miss D's complaint had been referred for decision, the case handler asked for more time to respond. But I'm satisfied John Lewis has already had several months to investigate the issue with a view to resolving it. In place of a reasonable alternative, I'm satisfied the fairest approach is for John Lewis to delete the entry from Miss D's credit file entirely. So I'm going to tell John Lewis to amend Miss D's credit file to remove its entry entirely.

### **My final decision**

My decision is that I uphold Miss D's complaint and direct John Lewis Financial Services Limited to pay her £575. I also direct the business to remove its entry from Miss D's credit file entirely.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 21 November 2022.

Marco Manente  
**Ombudsman**