

The complaint

Miss W is unhappy that Oakbrook Finance Limited, trading as Likely Loans, have reported missed payments to her credit file.

What happened

Miss W contacted Oakbrook and explained she was struggling to meet the repayments on her personal loan. In response, Oakbrook applied a 30-day 'breathing space' hold to the account. Miss W later contacted Oakbrook and asked to be allowed to make reduced payments of £50 per month to her account for three months. Oakbrook agreed to Miss W's request. However, Miss W later noticed that Oakbrook had reported missed payments to her credit file. Miss W wasn't happy about this, so she raised a complaint.

Oakbrook looked at Miss W's complaint. They explained they had an obligation to report missed payments to the credit reference agencies, and that it had been explained to Miss W that any payments not made, even during an arrangement, would be reported as being missed. Miss W wasn't satisfied with Oakbrook's response, so she referred her complaint to this service.

One of our adjudicators looked at this complaint. But they didn't feel that Oakbrook had acted unfairly towards Miss W in how they'd managed this situation, and so they didn't uphold the complaint. Miss W remained dissatisfied, so the matter was escalated to an ombudsman for a final 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 issued a provisional decision on this complaint on 21 October 2022 as follows:

I've listened to recordings of telephone calls between Miss W and Oakbrook. And having listened to those calls, and especially in regard to the initial telephone call on 13 September 2021, I don't feel that Oakbrook made sure that Miss W understood that receiving the financial assistance she was requesting would negatively impact her credit file.

I note that Oakbrook's agent on the 13 September 2021 call read out a script to Miss W that included information about how her credit file may be impacted. But it seems clear to me from listening to that call that the information was read out in rote fashion, and that the agent didn't make any reasonable effort to confirm that Miss W understood what she'd been told. And I also feel that it was evident from Miss W's reaction to being read that information that she didn't fully grasp what had just been quickly explained to her.

When Miss W called Oakbrook the following month, she began by explaining she'd noticed her credit file had been impacted, which she wasn't expecting. And I feel this

confirms that Miss W didn't understand that the 30-day breathing space would affect her credit file.

Additionally, I note that on all calls to Oakbrook, Miss W explained that she lived with her partner who could support her if necessary. But this option wasn't explored by Oakbrook's agents, and I feel that if Miss W had been made to understand that her credit file would be adversely affected, that she would in all likelihood have received support from her partner such that the assistance she received from Oakbrook, which did impact her credit file, wasn't necessary. And I feel that Miss W's partner did call Oakbrook and settle the loan in full when the impact of the later £50 per month arrangement was fully understood by Miss W confirms that such support from the partner at an earlier stage was most likely available.

It's notable from Miss W's credit file that Oakbrook are reporting arrears on Miss W's account relating to the missed payment due on 2 October 2021, which Miss W didn't make because she'd agreed the 30-day breathing space hold on 13 September 2021, and that Oakbrook are also reporting the continuation of those arrears into November 2021.

But I feel that what should have happened here is that Oakbrook should have made a greater effort to ensure that Miss W understood that she would incur adverse credit reporting if she accepted assistance from them in the manner she requested. And I feel that if they had, that Miss W would in all likelihood have sought and received help from her partner, such that no arrears would ever have accrued on her account or been reported as such.

Accordingly, I'll be provisionally upholding this complaint in Miss W's favour and instructing Oakbrook to remove all adverse credit reporting relating to this account from her credit file.

I've also considered whether Oakbrook should pay any compensation to Miss W for what's happened. But given that Oakbrook seemed to have had Miss W's best interests in mind here – in that they did attempt to assist Miss W financially during a time where she appeared in need – I don't feel that any compensation is due in this instance. Even though I do feel that Oakbrook should have done more to ensure that Miss W fully understood the consequences of the assistance they were offering than they did.

In my provisional decision letter, I gave both Miss W and Oakbrook the opportunity to provide any comments or new information they wanted me to consider before I moved to a final decision.

Neither Miss W nor Oakbrook submitted any response to my provisional decision letter. And so, I see no reason not to uphold this complaint in Miss W's favour on the basis outlined above. I therefore confirm that my final decision is that I do uphold this complaint in Miss W's favour on that basis accordingly.

Putting things right

Oakbrook must remove the adverse reporting from Miss W's credit file.

My final decision

My final decision is that I uphold this complaint against Oakbrook Finance Limited, trading as Likely Loans, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 16 December 2022.

Paul Cooper
Ombudsman