

The complaint

Mr O has complained that Secure Trust Bank Plc, trading as Moneyway (“Secure Trust”) is registering incorrect information on his credit record.

What happened

Mr O acquired a used car in August 2019 using a hire purchase agreement with Secure Trust. He borrowed just over £13,000 over 56 months, at a monthly cost of £397.34. He kept up payments until September 2020, but because of the effects of the covid pandemic – Mr O is self-employed, and he lost work - together with his wife becoming ill, his finances suffered. From September 2020 to February 2021, Secure Trust allowed a payment holiday on the account because of the pandemic.

In January 2021, Mr O contacted Secure Trust to ask about handing the car back under voluntary termination of the hire-purchase agreement. In February 2021 he formally requested voluntary termination and asked for the car to be collected. The car was sold at auction in March 2021. Mr O hadn't by then paid half the amount payable under the agreement, so he still owed Secure Trust just over £6,600. Because of Mr O's financial situation, Secure Trust agreed that he could pay £63 each month for 6 months, with the amount reviewed after that. (Mr O said he made the payments as agreed, and that he is now able to pay £130 each month.)

A few months later, Mr O contacted Secure Trust again, saying that he had made the agreed payments on time, but it had recorded the payments on his credit file as being missed. Secure Trust said it had correctly recorded information on his credit file and that the effect of the voluntary termination on his credit history had been explained to him at the time.

Mr O was unhappy with this – he thought his credit record should show that he was meeting the agreed monthly payments. So he brought this complaint to this service.

Our investigator looked into Mr O's complaint but didn't think it should be upheld. Mr O disagreed and asked that it be referred to an ombudsman for review.

I issued a provisional decision in November 2022, in which I explained that I was minded to uphold Mr O's complaint. Mr O didn't send in any further information in response. Secure Trust responded to say that it accepted my provisional 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 decided to uphold Mr O's complaint. I'll explain why.

I set out my findings in my provisional decision as follows:

“I’ve carefully considered all of the evidence provided by both parties. Secure Trust sent in copies of email exchanges with Mr O, its contact notes, a list of transactions and the hire purchase agreement. Mr O sent in a copy of his credit file from one of the main credit reference agencies (CRAs) and copies of bank statements showing payments made under the arrangement with Secure Trust.

The sequence of events is not in dispute – the central issue here is what information is being recorded on Mr O’s credit file. I can see from the copy Mr O sent in that from March 2021 onwards, payments are shown as being six months in arrears.

In summary, Secure Trust said that, following the voluntary termination of the hire purchase agreement, Mr O is not making the contractual monthly payment of £397.34 to repay the remaining balance, so it is correctly reporting the account as being in arrears. And it said it made Mr O aware of the effect on his credit record. But Mr O thought his credit record should show that he was meeting the agreed monthly payments.

I’ve considered what the Information Commissioner’s Office (ICO) says about what should be reported. The ICO issued a document called “Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies”. I consider it reasonable to rely on this, as, when determining a complaint, one of the factors I’m required to take into account is good industry practice. In my view, these principles constitute good industry practice in this area.

Principle three of this document says “If you offer or make a reduced payment, how it is reported (to the CRAs) will depend on whether it is agreed with the lender.”

Under this heading, the document goes on to say:

“If, due to financial difficulty, your lender agrees a reduced or revised payment with you, this will be reflected on your credit file. How revised or reduced payments are shown on your credit file will depend on whether it is a temporary or permanent change to the agreement. The account may or may not be in arrears at the time of the change.”

Looking at Mr O’s situation, he has agreed a monthly payment with Secure Trust because of his financial circumstances, and it seems this has increased over time. The information provided by Secure Trust shows that the first six months’ payments were made as agreed, and Mr O says he has continued to make payments in line with updated arrangements.

The Principles document states that “The record must show that the account is the subject of special terms”. But there’s nothing in the copy of Mr O’s credit file to show that this is the case. Of course I don’t have copies of the information held on Mr O by the other CRAs, but it seems likely that Secure Trust is reporting the same information to all of the CRAs.

Secure Trust said that Mr O is not meeting the contractual monthly payments, so it is fair that his credit history should reflect that. But as the agreement was voluntarily terminated, the contractual monthly payment ceased upon termination. So there isn’t a contractual basis for Secure Trust to be entitled to the original monthly payment and therefore it isn’t accurate for it to report that Mr O isn’t making the contractual monthly repayments.

However, an amount is still due, and Secure Trust can reasonably record that. Secure Trust is required to accurately report Mr O’s payment status to the CRAs, and I consider it fair that it should report the agreed payments and whether Mr O is keeping to those payments.”

I said in my provisional decision that I proposed to uphold Mr O’s complaint for the reasons I had explained. As Mr O didn’t send in any more information, and Secure Trust has accepted

my provisional decision, I have no reason to change my conclusions and therefore I uphold this complaint.

Putting things right

Secure Trust should report to the Credit Reference Agencies the monthly payments it agreed with Mr O from March 2021 and whether he has met those monthly payments.

My final decision

For the reasons stated above I have decided to uphold Mr O's complaint. Secure Trust Bank Plc should correct Mr O's credit record as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 January 2023.

Jan Ferrari
Ombudsman