

The complaint

Mr A is unhappy with how Ikano Bank AB (publ) has engaged with the reporting of his Ikano fixed sum loan agreement to one of the Credit Reference Agencies (CRA), Company T.

What happened

In September 2019 Mr A took out a fixed sum loan agreement for £3,647 over a 48 month term, with monthly payments of £75.98. The total cost of the borrowing was £3,647 as there was no charge for the credit.

Some months later Mr A checked his credit standing through a website which uses Company T for the information they report. On doing so, Mr A discovered his loan with Ikano was not reporting the starting loan balance, so it appeared as if the balance was not reducing despite him making regular payments required under the terms of the agreement.

Mr A raised complaints with Company T and the website provider, and later raised this complaint with Ikano on the understanding that Ikano gives the information about his loan to Company T.

Ikano issued their final response to Mr A on 15 December 2021. In summary, they said they hadn't done anything wrong as they were not required to report the original loan amount borrowed to any of the CRAs, and as Mr A's balance was decreasing monthly and there were no late payments reported, this showed that Mr A's loan was being repaid in line with the agreement.

Our Investigator upheld Mr A's complaint. They said Mr A had made multiple requests to Ikano and Company T to correct his data, but nothing was sorted out. The Investigator said there had been an impact on Mr A because of this, so Ikano should pay Mr A £150 to reflect this.

Ikano disputed the impact as they could not see there had been any detriment to Mr A. But the Investigator explained the way information was being reported on Mr A's credit file suggested he still owed 100% of his borrowing despite making payments towards the loan since 2019. The Investigator maintained the inaccurate information had upset Mr A and was causing an inconvenience to sort out, so they maintained £150 was fair to recognise this.

Ikano continued to disagree as they could see no detriment to Mr A, and so our Investigator shared with Ikano the information Mr A was disputing on his credit file. To summarise, the Investigator further explained that by not showing the original amount of borrowing correctly, it therefore wasn't accurately representing how much of the loan had been paid back. The Investigator acknowledged that potential creditors would have been able to see Mr A's repayment history and potentially work out the original amount borrowed for his loan, but this wasn't something Mr A would have known, so it was reasonable for him to believe his information was being reported incorrectly.

In response, Ikano said they had followed the Information Commissioner's Office's (ICO) guidelines for reporting information and in support of this they provided a document of what

they are required to report. Our Investigator noted the document Ikano had supplied did not relate to how information should be reported for Company T's credit files (rather it was for a different CRA), and pointed out that it appeared Company T's credit files included a data entry point for the 'starting balance' of the account which on Mr A's credit file was reporting as £0. The Investigator concluded that even though a 'credit limit' entry wouldn't be applicable to this particular product, the 'starting balance' was being wrongly reported, so they still felt it fair to uphold Mr A's complaint.

While Mr A accepted our Investigator's findings, as a resolution could not be reached with Ikano, the case came to me to decide.

Before issuing my findings I approached Ikano for further comments and evidence. I requested Ikano send supporting evidence for the information they are required to supply to Company T for accounts such as Mr A's account, as well as what was actually submitted for Mr A's account.

I also noted that on 12 September 2020 Company T had approached Ikano for clarification around the 'credit limit' and Ikano had responded to say the 'credit limit' was being reported correctly as a loan was taken for £3,647 and the customer was making payments regularly and the 'balance' was £2,963 as at 12 September 2020.

I noted the information reporting on Company T's screens referred to both a 'credit limit/ overdraft' and a 'starting balance'. I therefore asked Ikano to explain why they had responded to Company T on 12 September 2020 to say the 'credit limit' was being reported correctly, when the 'credit limit/ overdraft' appeared to have been completed as 'n/a' and the starting balance was completed as '£0'. And I asked Ikano to share what information they were relying on to respond to Company T's query that enabled them to say information about the account was being reported correctly at that time.

Furthermore, I noted that as the original loan balance was not being reported, it was giving an impression at face value that the loan was not being repaid, leading to the percentage of overall debt that Mr A had repaid being reported incorrectly. And this had caused Mr A to worry that his credit file was not accurately reporting his financial standing.

Lastly, I noted that from 18 October 2021 Ikano would've been aware Mr A was unhappy with how the amount he originally borrowed with them was being reported as the same amount as the current balance. And being mindful of Ikano's responsibility to treat customers fairly, and ensuring that reporting about the account was being done so accurately, I could not see that Ikano had stepped in to help Mr A sort out the problem as this would have been a reasonable and fair thing for Ikano to do. Because of this I let Ikano know that I was minded to agree with the Investigator's conclusions that £150 was reasonable to settle this matter.

Despite our Investigator chasing Ikano for a response to my comments and request for further evidence above, Ikano did not reply with any further submissions or evidence for me to consider by the deadline set. I have therefore completed my review based on the submissions and evidence that have been made available to me in this matter.

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 have decided that Mr A's complaint should be upheld in so far as I think it would've been fair for Ikano to have done more to assist Mr A help remedy the problem with how his Ikano loan was being reported through Company T.

Mr A should note this decision does not comment on anything to do with the concerns he's raised separately against Company T and the website provider. This decision is limited to Ikano's actions in this matter. Although I would note my understanding is the information should now have been corrected for Mr A.

In my considerations I am mindful that Ikano have referred to their ICO obligations and that they've said reporting the starting balance is not something that is required for this particular type of product. Having reviewed the document guide Ikano shared for reporting information to the other CRA – this does suggest that the original loan amount is not something needed. And the other CRA's screens appear to support that the starting balance is not reported.

Not all creditors report to each of the three main CRAs, and how each CRA presents the information they are provided from creditors and public sources differs. And while I accept it's possible Ikano may not have to provide the 'starting balance' for this particular type of product, Company T's credit file clearly has the ability to show this information for parties that use the data it holds. While I have asked Ikano for more detail about the guidance they have from Company T and their engagement with Company T for reporting information for this type of account, I have not been provided with anything to show that Ikano followed the processes they no doubt have in place with Company T.

I understand Ikano will have obligations to the ICO, but they are also subject to the Financial Conduct Authority's (FCA) rules and guidance. This includes applying the FCA's principles which underpin firms' general obligations. Principle 6 requires a firm to pay due regard to the interests of its customers and treat them fairly.

In this case Mr A raised a complaint with Ikano to explain he was unhappy with the information being recorded about his Ikano loan on his credit file. Ikano's notes from this time say: *Customer advises [Company T] are mis-representing his data as every month the amount borrowed is the same as the current balance suggest the loan is not being paid off.* (sic). This note is from 18 October 2021 on Ikano's systems. And as noted earlier, Ikano's response in December 2021 to Mr A's complaint was to say they were not required to report the information Mr A was querying.

However, as the data provider for Mr A's loan and therefore in part responsible for the data being reported for Mr A on his credit file, I think it would have been fair and reasonable for Ikano to look into Mr A's concerns to help try and resolve this issue and ensure his account was being reported accurately with Company T. I say this because having seen a screenshot from 29 April 2021, I do agree with Mr A there was inaccurate information about the loan - the outstanding balance on the account was showing the same sum as the borrowed amount, despite payments having been made.

There has been nothing to suggest Mr A has been financially disadvantaged or refused credit because of what's happened, but it is clear Mr A's financial standing is important to him, so I think this matter has caused him upset and more inconvenience than should have been necessary to sort this out. And so I think £150 in the circumstances of this complaint is fair to reflect this.

Putting things right

Ikano Bank AB (publ) should pay Mr A £150.

My final decision

For the reasons above, my final decision is that Mr A's complaint should be upheld and Ikano Bank AB (publ) should put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 April 2023.

Kristina Mathews
Ombudsman