

The complaint

Mr B complains that BMW Financial Services (GB) Limited trading as ALPHERA Financial Services ('AFS') incorrectly reported information about his finance agreement to credit references agencies.

What happened

Mr B took out a hire purchase agreement with AFS. He says that although he settled the agreement with AFS in May 2020 it reported to credit agencies that he had an outstanding balance to pay.

Mr B says that AFS incorrectly reporting information about the account to credit reference agencies has taken him time and energy in trying to get the matter fixed. He says it has also caused him to lose out on mortgage opportunities. He is also worried the matter could happen again – as AFS had previously tried and failed to permanently fix the issue.

Mr B complained to AFS and it accepted that incorrect information had been reported. It apologised and said it had updated the credit records to accurately reflect the situation. It also explained that it was carrying out further investigation as to the cause of the recurrence of adverse reporting. It offered Mr B £150 in compensation for what had happened.

Mr B was not happy with this outcome and referred his complaint to this service. Our investigator agreed that the matter had caused Mr B notable distress and inconvenience – but she was not persuaded it had caused him a financial loss. She also noted that part of his complaint appeared to be in respect of the impact on a limited company – which she was unable to award losses in respect of. Overall the investigator considered that £300 was a fair amount in respect of the award which AFS should pay Mr B. She also said it was fair for AFS to check Mr B's credit records periodically until the record of the agreement no longer shows on his file to ensure it does not revert to showing incorrect information again.

Mr B did not agree with this. In summary, he said that £300 does not go far enough to compensate him for the impact on him chasing up the issue and the loss of mortgage opportunities.

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.

My role here is to resolve disputes informally and efficiently. It follows that while I have read and considered the submissions by each side – I will not be commenting on everything – only the matters I consider central to this dispute.

From what I can see here AFS agreed a reduced settlement amount with Mr B for the balance of his hire purchase agreement after there was still an outstanding balance left to pay after his insurer had made a payment to clear some of what was owed when the car was stolen.

However, despite all parties agreeing to settle the account for a reduced sum (and that no further amounts were due under the agreement) Mr B discovered later that credit reporting was wrongly showing active accounts and that he continued to owe AFS an outstanding balance.

I don't think that either party disputes that AFS made an error here which has led to incorrect information showing on Mr B's credit file. However, in the interest of completeness from what I can see from the evidence I have – on balance the issue has been caused by AFS not manually suppressing the information correctly for all credit reference agencies (as opposed to an error by a third party). I also note that even when Mr B reported the matter to AFS and it corrected matters the incorrect information was re-reported shortly afterwards. There appears to have been at least three attempts by AFS to update the information because of this problem.

There isn't any indication the problem is still occurring now. I note that AFS appeared to be investigating the cause of it – and hopefully that is now done and the matter will not happen again. However, I agree with our investigator that it would be proportionate that AFS check to ensure the information is correct and the errors have not reverted. It should do this every six months (at least) until the agreement is no longer showing on Mr B's credit records. AFS has not indicated this will be an issue and hopefully it goes some way to provide Mr B reassurance – as I know that is a worry for him.

One of the key parts of Mr B's complaint is in relation to compensation. He thinks that £300 is not enough. He has pointed to the trouble this has caused him and the loss of mortgage opportunities. I will deal with these in turn as follows:

Loss of mortgage opportunities

There are many factors involved in a mortgage application and the reasons for an application being denied might not simply be down to the information showing as a result of the error I have referred to above. It might be because of other information on the credit file. I note there is nothing from lenders specifically confirming it is this information that led to mortgage applications failing.

I also note that even before the account was settled for a reduced sum Mr B appears to have not kept to payment arrangements for the balance owed after the car was stolen. He also appears to have requested a payment holiday due to financial difficulty. This information could feasibly have impacted mortgage applications regardless of the information arising as a result of the error in question here.

In any event, I also note Mr B's applications for mortgages appear to be in respect of a limited company of which he is the director of. It follows that any losses being claimed as a result of failed mortgage applications would be those of this separate legal entity - not Mr B. Here I am only able to consider the losses which Mr B has suffered as a customer of AFS and in respect of his finance agreement with it. I cannot consider those losses suffered by the limited company even if they might flow from Mr B's financial status as a director of said company.

All things considered – for the reasons outlined I don't think it fair and reasonable for AFS to pay Mr B compensation in respect of his complaint about failed mortgage applications.

Distress and inconvenience

Mr B has explained the frustration and inconvenience caused to him due to the incorrect information showing on his credit file. I can see that he was in contact with AFS frequently from May 2022 to get the matter sorted out. He was also in touch with credit reference agencies. It also appears that several times the information was corrected only to re-appear on the file – leading Mr B having to do more chasing and causing him worry and frustration. Things seemed to finally be sorted out by the time he got the final response letter from AFS in September 2022 – but this had been after several months of concern.

I think the frustration and inconvenience caused to Mr B is more than minor. I think that it has caused Mr B more than the level of frustration he would reasonably expect day to day and it has required a reasonable effort to sort out over an extended period. However, I also need to factor in that some of the disruption Mr B has communicated is in respect of the impact on the limited company he is a director of, and as I have already explained – that isn't something I can make an award for here.

I also note in considering what is fair as compensation that AFS did apologise and have agreed to monitor the account going forward. And while no doubt Mr B is worried about things going wrong again – my award is in respect of what has taken place – not what might happen. Mr B might also be able to raise another complaint if anything should go wrong in the future.

All things considered, I think that an award of £300 is fair and reasonable here for the distress and inconvenience cause to Mr B personally. So that is what I will be directing AFS to pay.

Putting things right

AFS should monitor Mr B's credit file and pay compensation to him for the reasons outlined above.

My final decision

I uphold this complaint and direct BMW Financial Services (GB) Limited trading as ALPHERA Financial Services to:

- monitor Mr B's credit file at least every 6 months to check it has not reverted back to showing incorrect information in respect of the hire purchase agreement in question here. It should do this until the record of the hire purchase agreement no longer shows on his credit file; and
- pay Mr B £300 compensation for the distress and inconvenience caused to him.

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

Mark Lancod
Ombudsman