

The complaint

Mr T complains that Metro Bank PLC are not reporting the correct information to Credit Reference Agencies (CRA's) after he made a payment to settle an outstanding balance.

What happened

Mr T says he had an outstanding balance on an account with Metro Bank, so he made a payment to settle the debt to avoid it defaulting, but Metro Bank registered a default anyway. Mr T made a complaint to Metro Bank.

Metro Bank did not uphold Mr T's complaint. They said that they sent a letter to him regarding the balance due on his account for £206.49 and the letter said that this would need to be paid by 7 March 2020 or a default would be registered. They said on 8 April 2020, his charges were refunded, and he settled the balance of £199.10 and the account was closed. Metro Bank said on 6 May 2020, Mr T contacted their collections team who informed him that the balance had been paid and therefore his default was settled, and they emailed the relevant internal team to update his credit file. They said that although he paid off the balance, this doesn't mean the default would be removed, however, it would be marked as settled and no longer due. They said when a default is marked on a credit file, this remains for six years. Mr T brought his complaint to our service.

Our investigator did not uphold Mr T's complaint. He said the information on a credit report must be an accurate reflection of the conduct of an account. He said a default was registered with the CRA's and he sent links to CRA's websites to show that a default would remain on Mr T's credit file for six years. He said the credit report Mr T provided to our service shows that Metro Bank have correctly advised the CRA's that the default has been repaid and he can't require Metro Bank to remove the default from his credit file completely.

Mr T asked for an Ombudsman to review his complaint. He mentioned the circumstances which led up to the default itself including his personal circumstances. He said he felt that a default should not have been issued as the amount owed was settled.

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 must make it clear to Mr T that I'm unable to cover off any complaint points which have been addressed as part of his previous complaints made years ago. So I'm not able to consider the circumstances surrounding the registration of the default. This includes his personal circumstances at the time or whether the default was registered fairly or not. This is because these points were covered off by an investigator at our service over two and a half years ago regarding a previous complaint that was brought to our service and the complaint was closed in October 2020. So here, I will only be considering if Metro Bank have reported to the CRA's that he has settled the outstanding balance.

Mr T has said that he doesn't believe the default should have been registered as the amount

owed was settled. But the payment history of the defaulted account shows that the payment to pay the outstanding balance (after charges had been refunded by Metro Bank) was made on 8 April 2020. As this was after the deadline given on the default notice which was issued on 6 February 2020, which said *“A default will be registered with credit reference agencies on or about 07-03-2020 unless you credit your account with the full amount of the overdraft within the next 30 days”*, then this is why they registered the default as he hadn't settled the debt by the deadline given.

I've looked at the screenshot that Mr T has provided us with his defaulted Metro Bank account. But a default would show on his credit file for six years regardless of whether it had been paid off or not, as confirmed by the links our investigator sent Mr T from two of the CRA's own websites. I can see from Mr T's screenshot that Metro Bank have reported to the CRA's that there is a £0 outstanding balance on the account, so Metro Bank updated the CRA's to reflect that he has settled the debt. As Metro Bank have a duty to report accurate information about the outstanding balance to the CRA's and they have updated them to show the outstanding balance as £0, it follows I don't require Metro Bank to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 May 2023.

Gregory Sloanes
Ombudsman