

## **The complaint**

Mr A complains that Klarna Bank AB (publ) reported late payment markers on his credit file.

## **What happened**

In November 2021 Mr A made an online purchase and entered into a finance agreement with Klarna.

Mr A set up a direct debit for automatic monthly payments. However, a technical error occurred on Klarna's system which meant the direct debit mandate was removed. Because of this the payments didn't go through.

Klarna sent messages to Mr A advising him that payments had been missed. Payments weren't made in December 2021, January 2022 and February 2022. Klarna reported the missed payments on Mr A's credit file.

Mr A said he didn't respond to the messages from Klarna because he thought they were scams. He settled the account in March 2022.

Mr A complained to Klarna about the missed payment markers. Klarna said it would remove the markers for December 2021, January 2022 and February 2022 and offered compensation of £30.

Mr A remained unhappy. He says he was declined a loan because of the adverse information recorded on his credit file. He sought compensation.

I issued a provisional decision in which I explained that I thought Klarna had acted fairly by agreeing to remove the credit markers. I said that although the initial error was caused by Klarna removing the direct debit mandate, I thought that Klarna had done enough to make Mr A aware that there was an issue with the direct debit and I felt that Mr A was partly responsible for the missed payments in January and February.

I said that there wasn't enough evidence to persuade me that Mr A's consequential losses were caused solely by the missed payment markers. I recommended that Klarna should increase the compensation to £100 to reflect the distress and inconvenience caused to Mr A.

## **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.

Klarna accepted my provisional decision. Mr A said he hadn't received the initial £30 compensation because it had been placed in his Klarna account which he no longer used. Mr A also said that he thought he'd acted reasonably in treating the text messages from Klarna about the missed direct debit as a scam.

I've reviewed the case again and taken on board what Mr A has said. If Mr A is correct about the initial compensation of £30 having been paid into an account which he no longer uses,

and if he is unable to withdraw those funds, then I think Klarna should pay compensation of £100 to Mr A to an account of his choice. Beyond this, and for the reasons I've previously explained, my decision remains as set out in my provisional decision.

### **Putting things right**

To put things right Klarna must pay compensation of £100 to Mr A.

### **My final decision**

My final decision is that I uphold the complaint. Klarna Bank AB (publ) must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 July 2023.

Emma Davy  
**Ombudsman**