

The complaint

Mr T has complained that Nationwide Building Society incorrectly reported a repayment arrangement made in November 2021 on his credit file.

He has also complained that an agreement he made in November 2022 is showing as an arrangement on his credit file rather than as payments made on time.

Mr T's original complaint included matters that another ombudsman has ruled as being out of jurisdiction. Therefore, I'll only be looking at the two issues above in this decision.

What happened

In November 2021, Mr T arranged to pay £10 per month to reduce his overdraft over the next six months. He then noticed an entry on his credit file reporting a missed payment, which was incorrect. Nationwide agreed to amend it but amended it incorrectly and errors are still showing on the credit report for this period.

In November 2022, Mr T agreed to make repayments to £150 per month until the overdraft was paid off.

Our investigator thought that Nationwide had made errors when reporting Mr T's six-month arrangement between November 2021 to April 2022 and that it failed to correct this. He recommended that Nationwide should correct the credit file and pay compensation of £100 for distress and inconvenience, which Nationwide agreed to.

However, our investigator thought that the reporting of the November 2022 arrangement on Mr T's credit file was fair and reasonable as it was an accurate reflection of the situation.

Mr T disagrees with the adjudicator's opinion and so the complaint has been passed to me for a 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.

The payments made between November 2021 and April 2022 should have been showing as a repayment arrangement on Mr T's credit file. It's not in dispute that errors appeared on the file and that Nationwide then made further mistakes when trying to correct it. Our investigator has previously set out the details of what happened and so I don't need to repeat it here. Mr T said he was negatively impacted as it was during this period that he was trying to get a mortgage and had an application declined. However, Mr T has since clarified that he is unsure if he applied for credit around this time. But the issue is that, if he had wanted to apply for credit, this would have affected it.

There were already a large number of negative entries showing on the credit report prior to this arrangement. So I agree with our investigator that it is unlikely that the incorrect

reporting of the six-month arrangement has made any significant difference to Mr T's overall credit rating. And it should be remembered that, even if those six months had been reported correctly, they would show as Mr T being in an arrangement to pay a lower amount than needed to clear his debt.

Mr T says that any period of six months showing that payments were being regularly made would have a positive impact on a credit file, even if only slightly. As Mr T has pointed out, different lenders use different criteria when making lending decisions. So, if he did have any applications declined, it would be difficult to say if it was just down to the misreporting during that period or not. Regardless of that, as Mr T hasn't provided any evidence of being turned down for borrowing, I'm unable to conclude that he has suffered any detriment.

Nationwide clearly made errors in reporting the November 2021 agreement, so I uphold this first part of the complaint. On balance, I consider that £100 is reasonable and proportionate compensation for Mr T's distress and inconvenience.

In November 2022 Mr T agreed to pay £150 per month towards reducing his overdraft. This is recorded on his credit file as an arrangement but Mr T wants it to be recorded as payments made on time. But Mr T did make an arrangement to pay £150 per month to reduce his debt. So, there's no fault on Nationwide's part for recording it as such. Because Nationwide has a duty to record data accurately and the information on his credit file is an factual reflection of the situation.

Mr T didn't make the agreed payment in February 2023. He says that the overdraft was changed from unarranged to arranged without his knowledge or consent. He says if this hadn't happened, then his credit file wouldn't show missed payments as a result of not complying with the arrangement.

What happened is that, once the arrangement was made, Nationwide added a reducing overdraft limit to the account as a way of monitoring that payments were being made in line with what was agreed. But even if it hadn't done this, any failure to make the monthly £150 payment should still have been recorded as a failure to keep up with the arrangement. And the account was already showing as in arrears for the periods when no arrangement was in place.

Based on the available evidence, I'm satisfied that the information on the credit file relating to the November 2022 arrangement is an accurate reflection of how the account was being managed. So, Nationwide doesn't have to amend the credit file. It follows that I do not uphold the second part of Mr T's complaint.

My final decision

My decision is that I partly uphold the complaint. Nationwide Building Society should amend Mr T's credit file to accurately reflect that he was in an arrangement between November 2021 and April 2022. It should also pay Mr T £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 26 July 2023.

Carole Clark
Ombudsman