

The complaint

Miss B complains that Close Brothers Limited wrongly recorded against her credit record that she had been in arrears with her car finance when she had had a payment holiday agreed with it.

What happened

During the Covid 19 pandemic Miss B applied for, and agreed a six month payment holiday with Close. This ended after February 2022, and the finance was fully paid up in May 2022. Miss B was attempting to obtain a mortgage but it was discovered that the payment holiday was registered with the three main credit reference agencies (CRAs), as showing the account had been six months in arrears. Close agreed to correct the records and said it had done so in May 2022. However Miss B discovered that one of the CRAs was still reporting the payments as being six months in arrears.

Close insisted that it had corrected the records, though pointed out that Miss B had still been correctly recorded as one month in arrears for March 2022 and two months in arrears for April 2022.

After referral to the Financial Ombudsman Service our Investigator pointed out to Close that one CRA was still showing the wrong information. It amended the record in April 2023. It admitted that it had had a problem relating to its internal database with submitting data to that CRA. Our Investigator proposed that Close pay £600 to Miss B for the distress and inconvenience caused.

Close agreed to the proposed compensation.

Miss B did not agree. She said that Close's errors had prevented her from getting a mortgage, meaning she was homeless. She said she also wouldn't have been able to get any sort of credit/loan with banks or ordinary high street lenders. She further said she is on medication for anxiety, caused by the errors.

The matter has been passed to me for further consideration.

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 compensation proposed is £600. Such an award might be fair where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. The impact may last over many weeks or months. I think that reflects the circumstances in this case. I've taken into account the considerable worry that Miss B must have been caused by Close's errors, her difficulty in getting a mortgage and how it affected her ability to obtain credit.

However I can't say that Close's errors were the reason for her being homeless. I understand she moved out of her council accommodation and then stayed with relatives. She chose not to proceed with the mortgage her broker found for her (albeit not with a high street lender). There are a great number of factors involved in applying for a mortgage and I'm not satisfied that Close's error would have been the only factor in an application not succeeding. I note for example that Close reported correctly that she was still in arrears with the payments after the payment holiday. She believes it would have prevented her from getting rented accommodation but then again I can't say whether that was likely the case.

I'm not satisfied that Miss B has shown us that she made any financial losses because of Close's errors. Having taken into account the impact it had on Miss B I think the compensation proposed is fair and reasonable to reflect that.

Putting things right

Close should pay Miss B £600 compensation.

My final decision

I uphold the complaint and require Close Brothers Limited to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 September 2023.

Ray Lawley
Ombudsman