

The complaint

Mr K is unhappy that Brent Shrine Credit Union Limited (“BSCUL”) recorded missed payments on his credit file.

What happened

In 2020 Mr K took out a loan with BSCUL. He says he told BSCUL he was experiencing some financial difficulty in November 2022, as he was off work caring for a family member. That meant the payments for the next two months would be late but he’d settle the account after that. In response BSCUL applied a 30 day grace period to the account and agreed an underpayment plan – but said going into arrears could impact his credit file.

No payment was made towards the loan in December 2022, and the January 2023 instalment also wasn’t received by the due date. Mr K made a payment on 31 January 2023, but February’s instalment was missed – and no payment was received by March’s due date. A partial payment was made on 3 March 2023, with the loan settled in full around a week after that.

Mr K noticed that BSCUL had reported missed payments in February and March 2023 to the Credit Reference Agencies (CRAs). He had started the process of getting a mortgage and was concerned the entries could affect the success of the application. So he contacted the lender to ask for the missed payment markers to be removed from his credit file. Mr K told BSCUL that February’s payment had been missed due to a misunderstanding with his bank, resulting in the direct debit being cancelled. He also argued that BSCUL had a duty to remove the markers as the account had since been settled.

BSCUL said it was obliged to report accurate information to the CRAs – and given the payments for February and March 2023 weren’t made by the due dates, it felt the entries were an accurate reflection of how the account had been managed. Mr K raised a complaint, but BSCUL’s position remained unchanged. So he referred his concerns to our service.

Mr K told us that during the period in question he hadn’t been in the right frame of mind to put money into the account, due to caring for sick family members – with one sadly passing away. So he didn’t feel it was fair for BSCUL to record the missed payments on his credit file in the circumstances. Mr K also told us that BSCUL had since amended its reporting to show that the payments for January and February 2023 had been missed instead.

One of our investigators reviewed everything and thought BSCUL had accurately reported how the account had been managed to the CRAs. So, the investigator didn’t think he could fairly recommend that BSCUL amended the credit file entries, even though Mr K had undoubtedly been through a difficult period. Mr K didn’t accept the investigator’s view, so the matter was passed to me for a final decision on the merits of his complaint.

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.

Having done so, I'm not upholding Mr K's complaint. It's clear he's very invested in the matter, and I can understand why – so I know this decision will come as a great disappointment to him. But I've had to set aside my natural feelings of sympathy for Mr K's situation and focus on whether BSCUL should amend the information it has recorded on his credit file. I haven't found there are grounds to fairly require that here – but hopefully the below explanation is at least helpful in understanding how I reached my outcome.

The agreement says BSCUL will record whether payments have been received in full or on time to the CRAs – and the system contact note from November 2022 suggests Mr K was warned about the potential impact of having arrears on the account. The guiding principles for firms on reporting to the CRAs is set out by the Information Commissioner's Office (ICO). That guidance says the data reported must be fair, accurate, consistent, complete and up to date. It also says that should a payment not be made as expected, information to reflect this will be recorded on your credit file.

I appreciate Mr K went through a difficult period, and that meant he couldn't afford to make his regular payments. I also accept that his caring responsibilities were naturally a priority for him at this time. But BSCUL had to report the management of the account accurately to the CRAs, and Mr K was in contact with the lender throughout the period – so could have made payments on time if he had the funds. There are two missed payment entries on Mr K's credit file, and the account didn't receive the full contractual monthly amount by the due date for either of those months. That payment history didn't change because the account was later settled – so what's been reported is accurate. BSCUL was also clear about the implications of having arrears on the account (both in the loan agreement and during the November 2022 call), and I consider acted fairly by applying a grace period before it started reporting any missed payments.

So, overall, I'm unable to say BSCUL has acted unreasonably in the circumstances – I also haven't found grounds to fairly direct it to amend what was recorded. Mr K is free to post a notice of correction with the CRAs, explaining his situation at the time of the missed payments – so any lenders can take that into consideration during future applications.

My final decision

My final decision is I don't uphold Mr K's complaint about Brent Shrine Credit Union Limited. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 29 September 2023.

Ryan Miles
Ombudsman