

## **The complaint**

Mr S complains that Creation Financial Services Limited continues to report his credit card account to a credit reference agency as live, following his discharge from bankruptcy.

## **What happened**

Mr S had a credit card account with Creation. In 2018 he became bankrupt, and his Creation account was included in the bankruptcy. A year later, he was discharged from bankruptcy. However, he later discovered that Creation was still reporting his account on his credit file as if it was still live, and showing late payments, rather than being recorded as having defaulted in 2018.

Mr S complained to our service. We forwarded his complaint to Creation, to give Creation an opportunity to deal with the matter first. Creation replied to Mr S. It told him that it could not find any record of his account. (It could find two other accounts, which it had sold to a third party following his bankruptcy, but that was all.)

Our investigator then considered this complaint. Based on evidence provided by Mr S of what was reported on his credit file, the investigator was satisfied that the relevant account was still being reported by Creation as a live account, rather than as defaulted and partially settled as it should be. He recommended that Creation contact the relevant credit reference agency and correct the entry, and also pay Mr C £100 for his inconvenience.

Creation did not reply, so the investigator referred this complaint for an ombudsman to look into.

## **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 uphold it, for the same reasons as my colleague. I will explain why.

In its final response letter (which is all that Creation has provided), Creation denied any knowledge of the relevant account, which it described as an account with a number ending with 66. It said it could not find any record of such an account; all it could find were two other accounts, both ending with different numbers, which had both been sold to a third party. However, I find that denial to be impossible to reconcile with the evidence that Mr S has provided of his credit file with two different credit reference agencies, which both show a Creation credit card account.

(Just in case Creation has not received Mr S's evidence, I will arrange for copies to be sent to Creation with this decision.)

Screenshots from Equifax show an account described as "Credit Card from CREATION CONSUMER FINANCE LTD (I)" with an account number ending with 4366. It gives Mr S's former address (which can be found in several places in his Experian credit file). It goes on

to give a “Default / Delinquent Balance” of £2,189, but this is not a default, because further down it says “Default Date: N/A”. This entry was last updated in April 2023, which is only one month before Creation sent its final response letter in May.

The other credit file, from Experian, appears to show the same debt. It also names a credit card account held with Creation Consumer Finance Ltd, and it gives the same balance of £2,189, so I am satisfied that these two entries both relate to the same account. But unlike Equifax’s entry, this entry clearly shows that this was a default balance, and the date of the default is the same date on which Mr S was declared bankrupt. And the entry also gives a satisfaction date, which is the first anniversary of the bankruptcy, being the date when Mr S’s bankruptcy was discharged.

I have seen evidence that Mr S was discharged from bankruptcy in 2019, namely the certificate of discharge from the Insolvency Service. I have not seen the bankruptcy order or a list of which debts were included in it, but I am satisfied that his Creation credit card account was included, because the dates of default and satisfaction in the Experian credit file match the dates of Mr S’s bankruptcy and his discharge, and because the way that Experian has reported it is consistent with the debt having been included in the bankruptcy.

I am therefore satisfied that Creation is still reporting Mr S’s account to two credit reference agencies, and that this account was included in a bankruptcy order which has since been discharged, and that it is being reported differently to each agency – it is being reported as defaulted to Experian, but not to Equifax.

The Information Commissioner’s Office (ICO) has published relevant guidance, *Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*. That says (on pages 7 and 8 of version 2) that if an account is included in a bankruptcy which is later discharged, and less than the full balance was paid, then the account should be reported as having been defaulted no later than the date of the bankruptcy, and as closed and partially settled. So the Experian entry is correct, and the Equifax entry is not and needs to be corrected.

### **Putting things right**

I agree with the redress recommended by our investigator.

### **My final decision**

My decision is that I uphold this complaint. I order Creation Financial Services Limited to:

- Amend Mr S’s credit file with Equifax to bring it in line with the ICO’s guidance – that is, to report the credit card account ending 4366 as having defaulted on 11 September 2018, and as having been partially settled or satisfied on 11 September 2019; and
- Pay Mr £100 for his inconvenience.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 10 January 2024.

Richard Wood  
**Ombudsman**