

## **The complaint**

Ms K complains that following its own system error Fly Now Pay Later Limited (FNPL) added late payment fees to her account and recorded late payments and a default on her credit file.

## **What happened**

Ms K took out an instalment payment plan with FNPL in August 2022. She made monthly payments towards this by way of a continuous authority for a card payment.

Ms K incurred a late payment fee in November 2022 but other than that it seems her monthly payments were made without issue until FNPL had a technical glitch with its system, which meant it couldn't take the card payments. The glitch appears to have affected her January, February and March 2023 payments. Late payment fees were applied to her account for each of these months and this was reflected on her credit file in the form of missed payments. Ms K says FNPL also issued applied a default to her credit file.

Ms K complained to FNPL on 30 April 2023 about the late payment fees and the adverse information on her credit file. And on 1 May 2023 FNPL apologise and refund all the late payment fees on Ms K's account including the one from November 2022. It didn't mention the adverse data on her credit file in its response to her, so Ms K contacted FNPL again on 22 May to ask about this. FNPL later ask her to raise a dispute with the credit reference agency (CRA) that was showing the data to correct this.

Ms K then brought her complaint to this service – when doing so she said she was in the process of applying for a mortgage and the adverse data on her credit file was affecting this.

Following bringing her complaint here Ms K settled the account and on 12 July 2023 she contacted FNPL asking them to remove the details of her account. FNPL said they did this on the same day and confirmed with one particular CRA that the records had been updated. The CRA confirmed this to FNPL in an email on 26 July.

Our investigator felt that while FNPL had put things right – it shouldn't have advised Ms K to raise a dispute with the CRA, when it should have amended the records. So recommended that it pay Ms K £75 to recognise the incorrect information it had given and the inconvenience it had caused Ms K. FNPL agreed with the investigator's findings, Ms K did not. She said that because of the error she had had to take car finance on a much higher rate than she would have been able to secure, she also said she had lost employment as a result of the issue, so the matter has now been passed to me to decide.

## **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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered

everything that both parties have given to me. Having done so I've reached the same outcome as the investigator and for broadly the same reasons, I'll explain.

### **Late fees**

Payments fell due on the account on the 23rd of each month, I can see Ms K made a payment of £60 on 30 January 2023, following FNPL writing to her on 25 January to advise her she had incurred a late payment charge of £12.

On 27 February Ms K asked FNPL to move her monthly payment date to the end of each month in line with her salary being paid. FNPL responded explaining it was too late for the February payment but could be applied from March onward, the message also explained as they were having system issues, she needed to pay that month's payment by bank transfer. I can't see that Ms K made February's payment.

FNPL emailed Ms K on 1 March explaining that the system was not working and that she would need to make her payment for that month by bank transfer. Ms K didn't make the bank transfer in March and made no further payment until 16 April 2023.

It's not clear from either party if the late payment in January was as a result of the system error. But I'm satisfied both February and March's payments were impacted by the error. I can't say I agree Ms K was totally unaware of the issue as she was received a letter about a late payment fee on 25 January, was told by chat message on 27 February and by email on 1 March. Although the communications in January and February were after the monthly payment date, she was given fair warning for March's payment and so could have mitigated this late payment fee. Nevertheless, I agree that it was fair for FNPL to refund at least February and March's fees as the email did say no late payment fees would apply, that related to the system glitch. The fee's from November and January are less clear, but FNPL agreed to refund those too, so I think that was fair and go some way to compensating Ms K for the inconvenience of having to pay by a different format.

### **Default**

Ms K has provided a document titled "Notice of Default sums" to support what she says, that FNPL registered a default

I think it might be helpful to first explain to Ms K that a notice of default sum is not the same as having a default registered on your credit file. It is a notice that a business has to send to its customer to advise them if they are going to incur a late payment fee.

I can understand how this might be confusing, but the evidence Ms K has provided, is such a notice, and does not support that a default was registered against her. FNPL has confirmed no default was registered and I have seen nothing to suggest otherwise, so I'm satisfied this is the case.

### **Credit file and wrong information**

Ms K has provided screenshots showing FNPL incorrectly recorded late or missed payments on her credit file. When she raised this with it, FNPL should have corrected their records and updated the credit reference agencies. But instead, it told Ms K to raise the dispute herself, this was poor customer service. Ms K initially pointed this issue out to FNPL when she complained to it on 30 April 2023, and it took until 26 of July for it to confirm this had been corrected. So, I think its fair that it should compensate her for this error and delay.

When thinking about compensation here I've considered that Ms K has made various arguments as to her losses – throughout her complaint. She has told us she was applying for a mortgage, she said she had to take a higher rate car finance product and said she had lost employment. But I have seen no evidence to support any of these claims. And even if Ms K had provided more supporting evidence, not only would it have needed to be something definitive from the lenders or employers showing the late payment markers on her credit file were the only reason she had been declined credit, offered it on different terms or declined work. I would also have had to have seen that Ms K had provided evidence to those companies that she was disputing the information and that the said companies would not take it into account.

I have also taken into account that Ms K could have mitigated some of the late payments and even though she was aware of the first late fee on 25 January, she didn't make any complaint to FNPL until 30 April, and she also chose not to make payments for February and March even once she was aware of the FNPL system glitch.

I've also considered that FNPL refunded all four late fees when its only clear that two are a result of glitch. Given all of this I think that £75 is a fair reflection of the inconvenience caused to Ms K.

### **Putting things right**

Fly Now Pay Later Limited should now pay Ms K £75 for the inconvenience caused to her.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint and now require Fly Now Pay Later Limited to carry out the actions as set out under the 'Putting things right' section of this decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 17 November 2023.

Amber Mortimer  
**Ombudsman**