

The complaint

Mr S complains that Madison CF UK Limited, trading as 118 118 Money incorrectly recorded a default on his credit file.

What happened

In late 2022, 118 118 Money incorrectly recorded a default on Mr S's loan account. Mr S contacted several credit reference agencies (CRAs) and asked that a dispute be raised. 118 118 Money sent a credit account amendment to the CRAs in early January 2023 and the credit file was corrected in March. Mr S complained to 118 118 Money, and it provided an apology for the error, along with an offer to pay Mr S £60 for the upset this had caused him. Mr S told 118 118 Money that he didn't feel this amount reflected the emotional stress and inconvenience he'd experienced and also the time it took to remove the default. 118 118 Money then paid Mr S £150 and confirmed the credit file amendment was completed on 10 March.

Mr S brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Based on the limited information available at the time, the Investigator thought 118 118 Money should pay Mr S a further £100 as there was no evidence it had taken steps to amend Mr S credit records with the CRAs.

As Mr S and 118 118 Money didn't accept what the Investigator thought, the complaint was passed to me to decide. I noted that at least one of the CRAs had amended Mr S's credit file, so I felt I needed more information from 118 118 Money to establish what steps it had taken to amend Mr S's credit file. I reached the same outcome as the Investigator, but as I'd received further evidence to consider, I issued a provisional decision and asked Mr S and 118 118 Money if they had any further comments for me to consider. My provisional decision said:

"There's no dispute that 118 118 Money registered a default on Mr S's loan account, and that it apologised to Mr S for this error in its first response letter. So, I only have to decide whether the actions taken by 118 118 Money to rectify the mistake were reasonable and that any remedy is fair in the circumstances of this complaint.

Mr S raised a dispute with the CRAs in mid-December and it seems more likely than not that the CRAs raised disputes with 118 118 Money. Mr S says that two CRAs didn't receive a response from 118 118 Money, but Mr S also says at least one of the CRAs did amend his credit file. Because of this I felt I needed more information from 118 118 Money to establish what steps it had taken to amend Mr S's credit file.

118 118 Money has now provided evidence that persuades me it told the CRAs in early January 2023 of its error, and that the removal of the default was completed by 10 March. I intend saying that there's no evidence to persuade me the CRAs were waiting for a response from 118 118 Money after 9 January. It seems the CRAs may have initially been waiting for information after they raised their disputes, but I intend saying it's more likely than not 118 118 Money confirmed the amendment on 9 January.

It took three months for Mr S's credit file to be corrected. Although I can see that 118 118 Money took reasonable steps to put the matter right, this still meant Mr S's credit file was impacted for three months. I intend saying 118 118 Money's error caused Mr S stress and inconvenience during this period. Regardless of 118 118 Money saying the error was rectified in its expected timescales, the payment of £150 it has already paid Mr S doesn't reflect that Mr S's ability to obtain credit during this period would have been restricted. Therefore, I intend saying 118 118 Money should pay Mr S a further £100 to reflect this and the additional distress and inconvenience this caused him".

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.

As both Mr S and 118 118 Money accepted my provisional decision and provided no further comments for me to consider, I've decided to adopt my provisional decision as my final decision.

My final decision

I've decided that Madison CF UK Limited trading as 118 118 Money should pay Mr S a further £100 to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 November 2023.

Paul Lawton
Ombudsman