

The complaint

Mrs D complains that N.I.I.B. Group Limited (“NGL”) unfairly reported information on her credit file in relation to a hire purchase agreement.

What happened

Mrs D had a hire purchase agreement with NGL. In May 2022, she contacted it to say that she was on maternity leave and she would have no income later in the year for three months. She said she wouldn’t be able to afford the regular monthly repayment of around £413 in October, November and December.

Mrs D said she could afford £276 per month during that time. She says NGL agreed to this arrangement and confirmed it would have no adverse impact on her credit file. However, in January and February 2023, NGL reported arrears with credit reference agencies despite Mrs D making the agreed lower payments.

Mrs D complained and NGL agreed it had given her incorrect information about the impact the payment arrangement would have. It agreed to remove the markers and paid her £30 compensation. However, a further payment arrangement marker was then added to her credit file. Mrs D paid off the arrears to prevent further adverse reporting and NGL agreed to remove the arrangement markers and pay her a further £100 compensation.

Mrs D didn’t accept that outcome because she said that the markers had caused her mortgage application to fail and this had resulted in significant financial loss as she eventually had to accept a higher interest mortgage.

Our investigator recommended the complaint be upheld. She agreed that NGL had provided inaccurate information to Mrs D and it had caused her upset and inconvenience to try and put things right. However, she wasn’t persuaded that the mortgage application was impacted solely by what NGL had reported to credit reference agencies. She considered an additional £200 compensation (£330 in total) to be a fair way to put things right.

NGL accepted that outcome, but Mrs D didn’t. She said that the compensation didn’t go far enough to cover the significant impact it had on her emotionally and financially.

The complaint has been passed to me for a decision.

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.

NGL has accepted that it gave Mrs D incorrect information about how the payment arrangement would report to credit reference agencies, so what’s left for me to decide is what would be a fair way to put things right for Mrs D.

In doing so, I’m mindful that Mrs D says she wasn’t in a position to be able to afford the repayments in October, November and December 2022. So, my starting position is that had

she been given the correct information (that arrears would report in January and until the arrears were repaid), that she would have been in no materially different position. Except that it wouldn't have come as a surprise to her. This is because she could never afford the contractual repayment and therefore avoid adverse reporting on the credit file.

However, I accept that Mrs D may have found a way to borrow the remaining money if that had been the only way to mitigate arrears and the impact on her credit file. I also recognise that NGL has given her incorrect information and it has taken a long time to rectify the reporting on her credit file after NGL agreed it would remove adverse markers. Finding out that her credit file had been impacted when she had been assured it wouldn't be, would have understandably been distressing, especially because Mrs D was looking to re-mortgage.

I note Mrs D has provided evidence to show her mortgage application at the time was declined by another lender. I accept it refers to the adverse information reported to credit reference agencies by NGL as a factor in its decision to decline the lending. However, this isn't the sole reason. It provides two further factors that also made the lender uncomfortable with proceeding with the application. So, it follows that even if Mrs D didn't have the adverse markers on her credit file from NGL, the lender would still have likely declined her application on other grounds. Therefore, I'm not persuaded that NGL's reporting materially impacted Mrs D's ability to gain the mortgage she wanted.

I do, however, accept that Mrs D had to spend considerable time and effort in communicating with NGL to get the matter resolved and it should therefore pay her compensation for the upset and inconvenience it caused. In deciding what fair compensation should be, I've had in mind all the factors I've mentioned above, as well as considering that in removing all adverse information from her credit file, NGL has arguably placed Mrs D in a better position than she should have been in.

This is because NGL isn't reporting true and accurate information to credit reference agencies about Mrs D's ability to repay that particular lending during that time. It remains the case that Mrs D didn't meet her contractual repayments for three months and was in arrears on the credit agreement for some time. But, given NGL had given her assurances about what would be reported, I think it has acted fairly in agreeing to remove any adverse markers from her credit file anyway. Taking everything into consideration, I think a fair way to put things right in addition to what NGL has already done is for it to pay an additional £200 compensation, bringing the total amount to £330.

My final decision

For the reasons given above, I uphold this complaint and direct N.I.I.B. Group Limited to pay Mrs D a total of £330 compensation for the distress and inconvenience its actions caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 1 March 2024.

Tero Hiltunen
Ombudsman