

The complaint

Mr W complains that PayPal (Europe) S.a.r.l.et C.i.e S.C.A (PayPal) shouldn't have put a 'Q' marker on his credit file. He would like it removed.

What happened

Mr W says he raised a dispute with PayPal in relation to incorrect goods he received. He says although PayPal upheld the dispute in his favour it put a 'Q' marker on his credit file which he says has impacted on his credit score.

PayPal said that it had a responsibility to record accurate information to the Credit Reference Agencies (CRA's). It said as the 'Q' marker reflected a dispute on a purchase it was accurate to record it as such.

Our investigator upheld Mr W's complaint. She found that the 'Q' marker was usually used when a customer had a query with their credit record or how their account was being managed not a query over a transaction. She recommended that PayPal remove the 'Q' marker.

Mr W accepted our investigator's view but PayPal didn't. It said that a 'Q' marker was industry standard practice when customers are querying transactions.

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 do understand Mr W's frustration. Despite PayPal upholding his dispute in his favour he feels he has been disadvantaged because of the 'Q' marker PayPal put on his credit file.

PayPal has explained that it has an obligation to report accurate information to the CRA's and I agree that it does. It says the 'Q' flag means that an account is subject to a query during that period. It stops reporting a 'Q' mark when the query is resolved as was the case here. It says its process is to leave the 'Q' mark on the credit file for the period in question and not to retrospectively remove it when a query has been resolved.

I appreciate PayPal's point about accurate reporting to the CRA's. According to guidance provided by one of the CRA's 'Q' markers are only used when the consumer's dispute or query relates to the accuracy of the data shown on their credit file or it has an impact on payments being made to the account. The purpose of the 'Q' marker is to highlight that the information contained in the credit file has been affected by a dispute. If there is no dispute on the data then the 'Q' marker wouldn't be relevant.

Mr W's dispute was with the merchant who didn't supply goods as described. The dispute didn't relate to the accuracy of the data on the credit file, nor did it have any impact on payments made to the account.

So, on this basis I don't feel a 'Q' marker is justified on Mr W's account as it doesn't seem to me to fit into the guidance for one to be applied.

I have noted PayPal's point that Mr W could issue a notice of correction with the CRA's which would allow him to add information on the marker for the benefit of other lenders who might consider his credit data. It seems disproportionate to me that Mr W should have to do this when PayPal can simply remove the marker.

I have also noted PayPal's point that the 'Q' marker may or may not impact on Mr W's credit score. Mr W feels it has had a negative impact. I can't be certain that the 'Q' marker alone was responsible for this. However, given PayPal accepts it could have a negative impact this seems unreasonable to me, given PayPal found in Mr W's favour in his dispute over the goods provided,.

My final decision

My final decision is that I uphold this complaint

In full and final settlement of this complaint PayPal (Europe) S.a.r.l.et C.i.e S.C.A. should remove the 'Q' marker from Mr W's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 April 2024.

Bridget Makins
Ombudsman