

The complaint

Ms C complains that Oodle Financial Services Limited trading as Oodle Car Finance (“Oodle”) incorrectly reported arrears to credit reference agencies.

What happened

Ms C entered into a hire purchase agreement with Oodle in February 2020 to acquire a used car. Ms C had issues with the car and wished to reject it.

Our service issued a view in June 2021 where an investigator upheld Ms C’s complaint and, among other things, instructed Oodle to correct and update Ms C’s credit file in relation to the complaint she made. Oodle were required to remove any adverse information and mark the account as settled from July 2021.

This decision will not comment further on the outcome reached in that view.

Ms C says that a false entry was made on her credit file by Oodle and so complained to them in May 2023. Oodle responded to Ms C and explained that due to an admin error, they only updated Ms C’s credit file from March 2023 instead of updating the agreement itself. They said they sent two urgent requests to the relevant credit reference agencies to remove the agreement from Ms C’s credit file.

Ms C said she was attempting to obtain a mortgage at the time. Oodle offered Ms C £495 for a non-refundable application fee and a further £250 for not updating her credit file correctly in a timely manner. Oodle said that Ms C accepted the offer made and so a total of £745 was paid into Ms C’s account.

Ms C complained again to Oodle as she noticed they were still reporting incorrect information on her credit file. In August 2023, Oodle sent Ms C their final response and upheld her complaint. In summary, they said they identified one of their internal systems hadn’t been updated and so, while they had informed the credit reference agencies in May 2023 to remove the agreement from Ms C’s file, they continued to report the information to the agencies in error. They apologised for their error and said an urgent request had been made to the relevant agencies to update their records. Oodle also arranged for an additional £300 compensation to be paid to Ms C.

Ms C didn’t think Oodle’s offer was enough and said this impacted an interest rate she tried to obtain for a mortgage application, due to the length of time it took Oodle to correct the issue.

Ms C referred her complaint to our service. Ms C provided a letter from her mortgage broker which suggested the rate she obtained increased due to Oodle’s mistake. Our investigator asked Ms C for a letter from her mortgage lender to also confirm this. A letter was provided which confirmed the rate she obtained, but it didn’t give a reason why that rate was given to Ms C.

Our investigator found that while Oodle did make a mistake, their attempts to put things right was enough. In summary, our investigator didn't feel he had enough to conclude that Ms C received a higher interest rate for her mortgage solely due to Oodle's mistake.

Ms C disagreed with our investigator's view. And so, the complaint has 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.

Having done so, I'm not upholding this complaint and I'll explain why below.

Ms C believes that incorrect information has been recorded on her credit file by Oodle in relation to a regulated credit agreement. So I'm satisfied this is a complaint we can look into.

Ultimately, what I need to consider here is whether there was incorrect information recorded on Ms C's credit file, and if there was, whether Oodle were responsible for it being recorded incorrectly. If I make a finding that Oodle were responsible, then I need to consider what they must do to put things right for Ms C.

It isn't in dispute that Ms C's account she held with Oodle should have been recorded as settled in July 2021. I say this because Oodle themselves say so, and this is due to a previous complaint referred to our service by Ms C, where it was upheld. So I'm satisfied incorrect information was recorded on Ms C's credit file and Oodle were responsible for it being recorded incorrectly.

Oodle sent two final responses to Ms C where they've upheld her complaints with them. In total, they paid Ms C £1,045. This was broken down to £495 being paid to reimburse Ms C for a mortgage application and £250 was initially awarded due to their error. As there was a further error when attempting to correct Ms C's credit file, Oodle awarded an additional £300.

I accept it must have been frustrating for Ms C to notice that her credit file had not been updated correctly, especially during a mortgage application, which I appreciate can already be a stressful time. And I also accept that frustrations were likely further exacerbated when Ms C noticed her credit file was still showing incorrect entries after being reassured by Oodle that things would be corrected.

I'm satisfied the award Oodle has already made to Ms C in relation to this complaint is fair, taking into account the impact of their mistake caused considerable distress, upset and worry, which took Ms C extra effort to sort out. I'm also mindful that Oodle offered £495 for an application fee and that they say they sent urgent requests to credit reference agencies to correct their mistake.

Ms C doesn't believe the amount Oodle awarded is enough. She believes she should also be paid the difference she says she has had to pay in interest in a mortgage she has taken out, as she believes she has received a higher interest rate due to Oodle's mistake.

I have had sight of two letters Ms C has provided our service. One of those was from her mortgage broker and it says, among other things, that:

"...the active profile on her credit file as it currently stands is limiting the lenders that can be accessed...The main impact of this is the recent issue showing from Oodle..."

I have noted that this letter says the *main* impact is Oodle, which suggests to me that it isn't the *sole* reason which limited the lenders that could be accessed.

Our investigator asked Ms C to provide evidence from her mortgage lender to show the interest rate applied was as a result of Oodle's entry on her credit file. The letter supplied by Ms C's mortgage lender only states the interest that was applied, but doesn't provide context as to why it was the specified rate.

I have also reviewed two credit reports that have been supplied to our service; one from July 2023 where Oodle's incorrect entries are still recorded; and another credit report from November 2023 where Oodle's entries have been removed. Both credit reports provide a credit score and it is worth noting that the score remained the same on both reports – with and without Oodle's entries being removed.

I have also noted that there were several entries on Ms C's credit report where late payments and defaults were recorded with other financial businesses. While these entries are shown as settled, they nonetheless remain on her credit report for potential lenders to see and consider when making lending decisions.

Considering everything here, I don't think I have seen enough to conclude that the rate Ms C's mortgage lender offered was higher as a direct result of Oodle's mistake.

In summary, I don't think Oodle need to do anything further.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 19 April 2024.

Ronesh Amin
Ombudsman