

The complaint

Mr W complains Creation Consumer Finance Ltd trading as Creation.Co.Uk have reported negative information on his credit file for his personal loan incorrectly.

What happened

In December 2021 Mr W took out a loan for around £2,400 to be repaid in monthly instalments of £100.41.

On 6 April 2023 Mr W wrote to Creation, saying he was shocked to learn his account had been defaulted due to a missed payment. In his complaint, he said *"While I acknowledge that the missed payment was my fault, I believe that the default on my credit score is unjustified and unfair. I have taken immediate action to rectify the situation and have made arrangements to pay off the outstanding balance as soon as possible. No contact had been made with me during this point and I have made payments, it's been logged as missed for a start when it wasn't at all it was late."*

Creation said in September 2022 they attempted to take the payment of £100.41 twice, and both were unsuccessful – because of that a £30 charge was applied. But the missed September 2022 payment and late payment charge wasn't brought up to date until 23 December 2022 when a payment of £130 was made. Creation added unfortunately just after this, the December 2022 direct debit payment was returned with a further £30 charge being applied. They said this payment was brought up to date on 9 January 2023. Overall, Creation said they'd not done anything wrong, and are required to report accurate information to the Credit Reference Agencies (CRAs).

Unhappy with this, Mr W asked us to look into things, saying a direct debit had been set up from his wife's account to pay for this loan since the beginning. Mr W said the payments had clearly been taken, so asked where they were if Creation didn't have them. Mr W suggested the fault might be his wife's bank – and if that's the case, then it's not fair to hold him responsible, and the bank and Creation should resolve this between themselves.

One of our Investigators considered things but didn't think Creation had done anything wrong in reporting negative information to the CRAs.

Mr W didn't accept this and asked for the outcome to be reviewed – so the complaint's 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.

Mr W hasn't disputed not making a payment in September 2022 when the payment was due. He said this in his complaint to Creation, when he said his payment wasn't missed, it was late. He's also provided us with a statement showing the direct debit going out, and then

being returned. So, I'm comfortable Mr W understands and accepts he didn't make the payment in September 2022 when it was due – albeit he did make it later.

In addition to statements, he's also provided us with a copy of his credit file – this shows a 'one' against October and November 2022. There is no other adverse information – so although there were issues with the December 2022 payment, it seems Creation didn't report anything regarding that.

As a consequence then, the key question for me to answer is whether Creation have fairly marked Mr W's account with negative information for October and November 2022.

As a starting point, I need to explain that lenders such as Creation have an obligation to report true and accurate information to the CRAs. So, if I find they have, then I'll also be finding they've done nothing wrong.

During his complaint, Mr W has referred to his account being defaulted, late payments and missed payments – so I think it'd help for me to define each of these terms:

- A defaulted account – this is when a lender has decided the relationship between them and the borrower has broken down, and they're unlikely to receive full payment for the amount borrowed. It's typically registered no earlier than when the borrower is three months in arrears, and no more than six months in arrears. Mr W's account hasn't been defaulted.
- A missed payment – this is when a payment due under a credit agreement isn't made by the required date. In Mr W's case, this was 26 September 2022.
- A late payment – this is essentially the same as a missed payment.

I realise Mr W is concerned that Creation have reported him as having 'missed' a payment, when actually it was only 'late'. But, as I've said above, these are effectively the same. Mr W was contractually required to make a payment on 26 September 2022. That payment wasn't made – so, contractually he missed the payment / was late in making the payment.

Between 26 September 2022, and 23 December 2022 when this missed / late payment was paid to Creation, the regular contractual payments for October and November 2022 were made. This meant Mr W was 'one' payment behind where he should have been – which is why Creation have reported 'one' missed / late payment In October and November 2022.

From everything I've seen, this information is accurate, so I can't reasonably say Creation have done anything wrong. And although I've seen Mr W say he didn't get any letters from Creation, their system notes suggest they did send letters. Why Mr W didn't receive them I can't say, but I'm satisfied Creation did send them.

I've noted Mr W's comments this might be due to an error with his wife's bank, so he shouldn't be held responsible for this. Contractually, he's the one responsible for ensuring the payments are made on time – even if they're coming from his wife's account. Why these payments were returned isn't something I can answer. Often, it can be because there weren't enough funds in the account to pay for the direct debit, but the statements Mr W has provided don't show a running balance – so I don't know if that's the reason or not.

All I can say is I've seen nothing to suggest Creation did anything wrong – particularly given payments were successful between the agreement being taken out in December 2021 and August 2022, and then October / November 2022. This doesn't suggest there is an issue with the direct debits being taken. Mr W's wife may wish to raise a complaint to her bank though if she thinks they've done something wrong – if she hasn't already.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 May 2024.

Jon Pearce
Ombudsman