

## **The complaint**

This complaint is about a mortgage Mrs and Mr O hold with Pepper (UK) Ltd trading as Engage Credit. Mrs and Mr O say that Engage has reported incorrect information with credit reference agencies about an historic missed payment from when the mortgage was held with a predecessor lender. They say this has hindered their attempts to re-finance the mortgage with a new lender. Whilst the case has been with us, the mortgage term has expired, but as of now, Engage hasn't taken any action to recover the debt.

## **What happened**

The broad circumstances of this complaint are known to Mrs and Mr O and Engage. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to all parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mrs and Mr O being identified.

Instead I'll give a brief summary in my own words and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

The mortgage was originally with a lender I'll call K. In 2017, Mrs and Mr O missed a monthly payment. They say K agreed to capitalise this. In April 2022, the mortgage was transferred to Engage, which took over administering the mortgage and reporting its status with credit reference agencies.

For ten consecutive months starting in April 2022, Engage reported to credit reference agencies that the mortgage was one month in arrears, arising from the missed payment in 2017. In January 2023, the monthly payment increased to a point that was higher than the arrears value. Accordingly, Engage stopped reporting the mortgage as being one month in arrears.

Mrs and Mr O complained after an attempt to re-mortgage was rejected apparently on the grounds that their credit file was showing them as being ten months in arrears. Engage rejected the complaint, saying that other than one month where it inadvertently reported two months' worth of arrears (since corrected) its reporting was accurate.

When the case came to us, our investigator didn't recommend the complaint be upheld. Mrs and Mr O has asked for it to be reviewed by an ombudsman.

## **What I've decided – and why**

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'll start with what's not in dispute; Mrs and Mr O did miss a payment in 2017. They have told us that K agreed to capitalise this, but that's not evidenced in any of the historic contact notes Engage inherited from K. Indeed, it's actually contradicted by the letters K sent Mrs and Mr O from time to time between 2017 and 2022, referring to an ongoing arrears balance.

All in all, therefore, I can't fairly conclude that Engage should not have been reporting one month's worth of arrears on the mortgage to credit reference agencies. So my next step is to assess what Engage was actually reporting. Having carefully considered everything that both parties have said and provided, I'm satisfied what Engage has reported is accurate and therefore fair.

During the ten consecutive months in question, other than the brief anomaly referred to earlier, Engage reported the mortgage as being on month in arrears. However, from what Mrs and Mr O have sent us, it seems that one of the credit reference agencies they use to monitor their credit profile presents the information in such a way that could be interpreted as stating the mortgage is ten months in arrears.

If so then I fully appreciate and sympathise with Mrs and Mr O's sense of grievance. The problem here, however, is that it's not the result of something Engage did or didn't do. It's something Mrs and Mr O would need to take up with the credit reference agency itself; certainly we can't do that for them.

Engage's responsibility to Mrs and Mr O start and ends with reporting accurate information to the credit reference agencies, and for the reasons I've set out - albeit with the one caveat - I'm satisfied it's done that. It can't fairly be held responsible for how that information is then presented or summarised by the credit reference agencies.

### **My final decision**

I don't uphold this complaint. My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr O to accept or reject my decision before 27 May 2024.

Jeff Parrington

**Ombudsman**