

## **The complaint**

Mrs K complains that Bank of Scotland plc trading as Birmingham Midshires Mortgages didn't notify her of a failed direct debit, until it was too late for her to avoid an adverse mark on her credit file. She wants the credit file marker removed.

## **What happened**

Mrs K said she missed a payment to her mortgage with BM, as the direct debit due on 18 May 2023 didn't clear. Mrs K said BM didn't notify her of the mistake in good time. And it didn't try again to take payment until 10 working days later.

Mrs K said BM sent her a letter which was dated 22 May, but wasn't received until after the direct debit had been represented and cleared, at the start of June. So that meant BM recorded a missed mortgage payment on her credit file. She wanted BM to remove the mark.

Mrs K had never missed a payment before, and she thought BM could have done more to make her aware of this, or acted more promptly. She said she'd been unable to get a mortgage for a property she bought, due to the missed payment, and had to take out more expensive borrowing.

BM said Mrs K's monthly mortgage payment was requested on 18 May. On 19 May, it was returned unpaid. BM said it then raised a letter to Mrs K about this, on the same day that it was made aware the direct debit had failed. This letter was posted out to her on the next working day, 22 May. Mrs K's direct debit was represented on 2 June, and it cleared then. But that meant she hadn't made any payment in May.

BM said it was required to report true and accurate information to Credit Reference Agencies ("CRAs"). And Mrs K's payment wasn't received within the month it was due. So that's what BM had reported. It was sorry Mrs K was unhappy, but it wouldn't amend her credit file.

Our investigator didn't think this complaint should be upheld. She understood what Mrs K said, about the letter BM sent not arriving until after 2 June. But our investigator said BM had sent this in good time, and if it hadn't arrived until after the end of May, that wasn't BM's fault. She didn't think BM had to amend Mrs K's credit file.

Mrs K didn't agree. She said she'd been given no opportunity to make up the payment in the same month. She repeated her view that the letter was sent late, and stressed BM didn't ask again for the money until the next month. Mrs K said if no letter was issued until 22 May, she didn't think BM had acted promptly.

Mrs K wanted an adjustment to her credit file as a gesture of goodwill. She said she was a longstanding customer, and had previously had an immaculate credit score.

Our investigator didn't change her mind. She said once the failed direct debit was known, the letter was sent the next working day, so she still thought BM acted quickly. She thought Mrs

K should have received the letter from BM before the end of May, which would allow her to make up the payment. And if the letter was delayed on the way, then that wasn't BM's fault.

Mrs K said BM had put a date on the letter, but it hadn't shown us the letter was sent then. Mrs K said we were wrong not to accept that there could have been a delay in her receiving the letter. So she didn't think our investigator had been fair. This case was then passed to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

I should start by saying I do think it's likely that this missed payment was just an oversight, and Mrs K would have paid in May if she'd realised the payment was missed. But I'm sorry to have to tell Mrs K that I still don't think that means BM has to amend her credit file.

Mrs K blames BM for not sending out her letter quickly enough to tell her about the missed payment. But I do think it acted reasonably promptly to let her know this payment had been missed. Mrs K wanted us to look into this more closely, but I haven't asked BM for more on this. Unfortunately, I don't think it would make a difference in this case. That's because I don't think BM carries all the responsibility for notifying Mrs K of a missed payment, and making sure she's aware of that in time to make up her payment before her credit file is affected. I think Mrs K is mainly responsible for this – firstly, for making sure that there's enough money in her account when direct debits are presented, and if there isn't, Mrs K is then responsible for making sure her payments are made up promptly.

So I do understand that Mrs K says BM's letter wasn't received in time for her to do anything about the missed payment. But even if BM hadn't sent this letter right away, I would still not have upheld this complaint, because it's mainly Mrs K who is responsible for making sure that these monthly payments to her mortgage are met.

Mrs K has asked BM to change her credit file as a gesture of goodwill, and pointed out that she's a good customer, and she hasn't missed a payment before or since. But BM said it can't just amend Mrs K's credit file because she has asked it to. It said it has a legal responsibility to provide a true record of the payments Mrs K does, or doesn't make. And that's right. As part of the arrangement that BM enters into with CRAs, it must tell them the truth about what's really happening on Mrs K's mortgage. In return, when BM needs it, it will get a true picture of customer accounts with other lenders.

That's why BM won't just offer to change Mrs K's credit file as a gesture of goodwill. And I'm sorry to have to tell Mrs K that I've not been able to see that it would be fair and reasonable here, for me to require BM to make that change.

Mrs K has told us this single missed payment had severe consequences for her. I've been very sorry to hear that, and I appreciate this missed payment marker came at a really unfortunate time. But the decisions Mrs K told us about, including by other lenders who'd decided not to offer her a mortgage, are also not things I can fairly hold BM responsible for.

I know that Mrs K will be disappointed, but I don't think this complaint should be upheld.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 28 May 2024.

Esther Absalom-Gough

**Ombudsman**