

The complaint

Mr B and Mrs Y's complaint is about Nationwide Building Society having informed credit reference agencies about a missed payment on their mortgage with it. They don't believe they were given correct and sufficient information about how the missed payment would be recorded.

What happened

Mr B and Mrs Y took out a mortgage with Nationwide in 2017. In July 2023 the fixed interest rate product attached to the mortgage was due to end. They applied for a new one, but the application was not made in time for the new product to be attached to the mortgage from August 2023. As such, the payment for that month was significantly higher, as it was charged at Nationwide's standard variable rate (SVR) of interest.

Mr B called Nationwide on 25 July 2023 to tell it that they couldn't afford the August 2023 payment. Nationwide explained that they had until the end of the month to make the payment, if a little more time would help. It was suggested that the direct debit mandate paying the mortgage be cancelled. Mr B and Mrs Y would then be able to pay the amount that would be due under the new product and make additional payments over the following months to make up the shortfall. Mr B asked if doing this would affect their credit files and Nationwide confirmed that it would not. Nationwide also informed Mr B that their credit files would only be affected if they didn't make any payment in August 2023.

Mr B and Mrs Y didn't make a payment in August 2023. Instead they made two payments in September 2023. As no payment was made in August 2023, Nationwide recorded a missed payment on the account and reported it to credit reference agencies. Mr B and Mrs Y complained about this happening.

Nationwide responded to the complaint on 17 October 2023. It didn't consider it had done anything wrong and didn't uphold the complaint.

Mr B and Mrs Y weren't satisfied with the response and asked us to consider their complaint. One of our Investigators did, but he didn't recommend that it be upheld. He was satisfied Nationwide had offered an arrangement to help Mr B and Mrs Y to make the higher August 2023 payment without it impacting their credit files and that it had told them if no payment was made, it *would* impact their credit files. As no payment had been made in August 2023, Nationwide had done nothing wrong in reporting the missed payment to credit reference agencies.

Mr B and Mrs Y didn't accept the Investigator's opinion. They said that they had expected Nationwide in the summer of 2023 to provide them with meaningful assistance and protection. They said that the severity of the consequences of missing a payment was not adequately communicated or stressed and had they been aware of the full extent of the impact, they would have made sure they made the necessary payment. They asked that the complaint be reviewed further, and it was decided the complaint should be referred to an Ombudsman.

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.

As our Investigator explained, a lender that reports to credit reference agencies has a duty to report accurate information. This Service would only ask a lender to alter the information provided to credit reference agencies if it was incorrect or if the lender had made an error that led to the adverse information being recorded and it was unfair that it was.

Having reviewed the evidence available, I am satisfied that Mr B was told in July 2023 that if no payment was made to the mortgage, it would be reported on his and Mrs Y's credit files. I am also satisfied that Nationwide offered Mr B and Mrs Y an arrangement that would make it easier for them to pay the higher amount due in August 2023 without it having any effect on their credit files. However, Mr B and Mrs Y chose not to make a payment in August 2023. As such, Nationwide did nothing wrong in reporting the missed payment to credit reference agencies.

Mr B and Mrs Y have said that Nationwide didn't emphasise the effect of a missed payment being recorded. As I have said above, Nationwide confirmed that a missed payment would be recorded on their credit files. However, it could not have told Mr B and Mrs Y of the impact that would have on them as individuals. For Nationwide to have been able to give the type of warning Mr B and Mrs Y believe it should have given, it would have needed to know about the then current state of their credit files, work out the impact the addition of a missed payment would have and also have needed to know what their plans were going forward in relation to wanting further credit. Quite simply, this isn't something Nationwide could have done or would have been expected to have done.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B and Mrs Y to accept or reject my decision before 5 June 2024.

Derry Baxter

Ombudsman