

The complaint

Miss B complains that Oakbrook Finance Limited, trading as Likely Loans, sold her debt and has reported incorrect markers on her credit file.

What happened

Miss B took a loan out with Oakbrook in February 2021. She contacted Oakbrook in April 2023 because her circumstances had changed, and her income had reduced. Oakbrook agreed a temporary arrangement for two months of £7. Miss B asked for a payment holiday but was refused.

Miss B made contact again in June and agreed a new temporary arrangement of £49 for six months. In September Miss B said she received an email from Oakbrook informing her it had sold her debt to a debt purchaser, P.

Once her account was sold, Miss B said two payments were taken from both Oakbrook and P. She complained to Oakbrook and the situation was rectified. Oakbrook said it had made an error by not updating the account correctly when it was sold so direct debit payments were collected

In March 2024 Miss B approached a mortgage broker to get a mortgage in principle. She said she was told the lender would not give her a decision in principle because she had missed payment markers on her credit file within the previous 6 months.

Miss B complained to Oakbrook. She said these missed payment markers were incorrect. She said she did pay as part of her arrangement and the markers should be noted as AR (Arrangement). She said she'd been unable to obtain a mortgage because the company thinks she's missed payments when she hasn't.

In its final response Oakbrook said the markers were due to the arrears level and length of time her account had been in arrears. It said this was as per the terms and condition of the loan. It said it had reported accurately to the Credit Reference Agencies (CRAs).

Miss B brought her complaint to this service. She said she'd emailed and called many times to have her credit file rectified as soon as possible as the lender would need to see this update on her credit file. She said due to these markers she'd had to approach a different lender and find more money for a deposit. She said her credit file has been harmed.

Our investigator concluded that Oakbrook's reporting is correct and the £100 offered by Oakbrook for customer service failings was fair and reasonable. Miss B wasn't satisfied and asked for a decision from 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.

I realise this will come as a disappointment to Miss B but having done so I won't be asking Oakbrook to do anything further.

Loan sale

Oakbrook said Miss B's account was selected to be included as part of a debt sale because it held an arrears amount of £997.88, and Miss B was 109 days in arrears and making less than her contractual repayments. I've looked at the terms and conditions of Miss B's loan. It says:

10.2 This Agreement and the sums payable by you under this agreement may be transferred by us at any time (without your consent but not in such a way as to reduce any of your rights).

While I understand the debt sale may have come as a surprise to Miss B I'm satisfied Oakbrook has acted within the terms and conditions of the agreement Miss B signed.

Direct Debit

Oakbrook has accepted that at the time of the debt sale the account failed to update correctly which led to Miss B having two payments taken by direct debit, one by Oakbrook in error and one by P, with whom Miss B had set up a new direct debit. It said this payment was refunded on 19 January.

I'm pleased Oakbrook has eventually refunded Miss B.

Credit Reference Agency Reporting

Oakbrook has said the sale of the debt didn't finalise until January 2024, so it was still reporting to CRAs until the error had resolved. It cannot report active accounts as debt sold. It said it needed to wait until the account was eligible for closure. It said it resubmitted the requests to the CRAs to remove any reporting after the debt sale in September 2023, however arrears accrued up until this date so they would still be reported.

Oakbrook went on to explain that when the arrears balance was equal to, or greater than, one month's contractual monthly payment, it reports one missed payment to the credit reference agencies as this would be an accurate reflection of the account. Oakbrook has said it reviewed this with one CRA and the account is now reflecting accurate reporting and the debt sale date has been backdated to September 2023.

In her response to our investigator's view Miss B said she wasn't asking for the missed markers to be removed but for them to reflect that she was in an arrangement to pay. She sent an image of her credit file from one CRA which shows a number one, two and three in the June, July, and August boxes. In September the marker is S for Sold.

I do understand Miss B's point of view, but the credit file is reflecting the accurate picture of her account. Oakbrook has said when the debt was sold the arrears were £997.88. Miss B's monthly payments were supposed to be £273.97. The total arrears figure was the equivalent to 3.6 missed payments. So the credit file is reporting three missed payments. I'm satisfied this is correct.

Mortgage application

Miss B has said to get a decision in principle for a mortgage she couldn't have arrears within the past six months. She said the lenders decision to decline in principle was due to arrears

showing. Miss B was told this through a mortgage broker. She said the Oakbrook missing payments were the sole reason that the decision in principle was denied. This was despite other negative markers on her credit file.

I'm satisfied Oakbrook is reporting correctly. But even if I wasn't, based on the evidence provided I wouldn't necessarily be persuaded the sole reason a mortgage offer was denied would be for the missed payments. Miss B has provided an email from the broker who said

"I spoke to the lender who does 6x income and they cannot accept the missed payments in the last six months"

This appears to be about a discussion between the broker and a lender prior to any substantial offer in principle. Every lender has their own criteria and algorithms for lending, and this isn't usually solely based on a customer's credit file. Even without missed payments there may still be other reasons a lender may decline. So while I'm not disputing Miss B when she says the other negative markers on her credit file were not part of the lender's decision there may well be other criteria that could lead to a lender denying a mortgage offer.

Customer Service

After the complaint came to this service Oakbrook accepted there had been failings in relation to processes which has meant incorrect reporting on her credit file initially. It also accepted its customer service wasn't what it expects its customers to receive. By way of apology it has offered Miss B £100 in compensation for the distress and inconvenience caused. Miss B has told us the effect this complaint has had on her when she was financially vulnerable, so I'm pleased Oakbrook has recognised its customer service failings. And I believe £100 is a fair and reasonable offer.

My final decision

My final decision is that Oakbrook Finance Limited, trading as Likely Loans should pay Miss B the £100 compensation it has offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 27 November 2024.

Maxine Sutton
Ombudsman