

The complaint

Mr H complains that Santander UK plc (Santander) unfairly reported a late payment marker on his credit file. He would like this removed and some nominal compensation for the distress and inconvenience

What happened

Mr H says when he made late payments in 2022 these weren't reported immediately to the Credit Reference Agencies (CRA's). So, he feels it's unfair that a payment due on 17 April 2023 but not paid until 19 April 2023 was reported as late. He says Santander told him that reports are made to the CRA's on day 17 of each month. He understands he could have made the payment up until midnight on that day, so feels Santander prematurely reported his missed payment. As he is concerned for the effect on his credit file, he would like the late payment marker removed.

I issued a provisional decision in which I found: -

- Mr H seemed to have had some tolerance over late payments in the past and was only two days late in making his April payment. However, I noted it was important that credit files accurately report credit history, his payment was late, and it didn't necessarily follow that if Santander had a different approach to late payments in the past that it must continue with this.
- The terms and conditions for the account made it clear payments needed to be made by a certain date and the implications of not doing so. Although two days was a relatively small time period the payment was nevertheless still late. As such I didn't think Santander were wrong to report it as a late payment.
- There was some dispute over what Santander told Mr H with regards to its reporting date to the CRA. It was unfortunate if Mr H was told that Santander did so on the 17 day of each month – from Santander's perspective he shouldn't have been given this information. But it didn't alter the fact that Mr H still made his payment late.
- I didn't know the exact process Santander uses for reporting to the CRA's, but I thought it likely it would be an automatic download of data. So, payments not received by due dates would automatically show as late. However even if this were not the case and for some reason Mr H's payment was reported a few hours early the issue was the payment was late and accurately reported as such. On that basis I couldn't reasonably ask Santander to remove the late payment marker.

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.

Both Mr H and Santander have responded to my provisional decision. Santander accepted that decision, but Mr H didn't, and he supplied some new information for me to consider. I would like to reassure him that I have considered all the points he has made very carefully.

Mr H has made a point about fairness and drawn parallels with another case this service dealt with. However I need to make it clear that although we aim for consistency of approach we look at all of the facts of each case individually. It doesn't necessarily follow that a case which Mr H feels is the same as his, is the same or that the outcome would automatically be the same.

Mr H has provided data from a CRA confirming it received notification of his late payment some days after he actually made the payment. I am not persuaded by this information. It seems to indicate that the data was downloaded by Santander after the payment was due but before it was made. So, the data reported was accurate.

There then seems to be a gap between the data being downloaded and it being accessed by the CRA through a transfer portal. However, I think the main issue here is not the technicality of data downloads and transfers, but the fact that Mr H had a contractual date to make at least a minimum payment and he missed this. The reporting to the CRAs was therefore accurate.

Mr H has told us had he been made aware that he had missed a payment he would have made good his account immediately. He has told us that in 2022 when he similarly missed a payment deadline he received notice his account was in arrears giving him time to make good the payment thus avoiding any negative reporting on his credit file. But he says he didn't get any notification in 2023 and so had no opportunity to do the same

Santander has evidenced that it sent a notice of default sums in April 2024 advising Mr H his payment was late, so I don't agree he wasn't advised of this. It's unfortunate if Mr H didn't receive this letter but I am persuaded it was sent. The letter is dated 24 April 2023 some days after the payment was due, but I have noted the letter Mr H received in July 2022 was similarly dated some days after the payment was due.

Santander has explained that in 2022 Mr H had a different payment date which meant the account wasn't in arrears when it reported to the CRA's, this allowed him some time to make good the payment prior to the next CRA report. I am persuaded by this information that the dates of the payment due and credit report gave Mr H a window to make good his account not that some forbearance was necessarily applied in 2022 but not in 2023.

However even if this were not the case, I am still of the view that Mr H would have known the date the payment was due from prior payments and from the information on his statements. Whilst I appreciate Mr H's concerns about having a late payment marker on his credit file and his personal circumstances at that time, I can't reasonably say Santander made a mistake in reporting his late payment. On that basis I don't think it's reasonable to ask Santander to remove it.

Finally, Mr H asked originally for some nominal compensation for the distress and inconvenience caused. Santander has referred to the fact some payment may be appropriate for the fact Mr H shouldn't have been told that information is sent to the CRA's in the middle of the month as it believes this caused some confusion. I am pleased to say that Santander has agreed to pay Mr H £100 for the distress and inconvenience caused which I think is fair

My final decision

My final decision is that I uphold this complaint.

In full and final settlement Santander UK plc should pay Mr H £100 for the distress and inconvenience caused to him during the course of its communications with him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 August 2024.

Bridget Makins
Ombudsman