

The complaint

Mr H complains about the way Blue Motor Finance Ltd ('BM') are reporting a car finance agreement he had with it.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Mr H had a car finance agreement with BM ('Agreement 1'). He complains Agreement 1 is showing as defaulted on his credit file even though he went bankrupt in June 2021 and this was discharged in 2022. He considers it should be marked as '*settled*' and says that other financial businesses have done the same with his other accounts.

Mr H says he asked BM to change the status of the reporting of the account but it refused. Mr H says that this is stopping him from obtaining credit for even simple things like a current account.

Mr H brought his complaint to this service. Our investigator did not uphold it – noting that Agreement 1 defaulted before Mr H's bankruptcy – and therefore his credit file was accurate.

The matter has now come to me for 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In deciding what is fair and reasonable I have taken into account the relevant rules and good practice including guidance from the Information Commissioner's Office ('ICO') in respect of the principles for the reporting of arrears, arrangements and defaults at credit reference agencies. I have also taken into account the rules and guidance as set down by the FCA in the Consumer Credit sourcebook (CONC).

Before proceeding further I want to clarify something. Our investigator mentioned that Agreement 1 was not included in Mr H's bankruptcy because of the type of agreement it is. However, from what I can see from the evidence Mr H has submitted the outstanding debt was included. So I don't think our investigator was right on this issue. However, it doesn't make a difference to the outcome here (which is related to the investigator's other reasoning) – so I am proceeding with my final decision in any event.

The ICO is clear that data reported by a creditor to a credit file must be fair, accurate consistent and up to date. Here I note, no party is disputing that prior to Mr H entering

bankruptcy he got into arrears on Agreement 1 which led to the agreement being defaulted in 2020 (and a default being registered on Mr H's credit file at the time).

Mr H's complaint is not about the fairness of that original default being registered – so I have not gone into that. The issue here is that following his bankruptcy and the subsequent discharge of that bankruptcy Mr H considers the account should now be marked as 'settled'.

However, I don't consider that marking the account as 'settled' is an accurate reflection of how the account ended, because the account was not settled at the time – it was defaulted. This all happened prior to Mr H going bankrupt. So prima facie BM has not acted unfairly, or out of line with the ICO guidance by refusing to amend this retrospectively.

I know Mr H has said that the terms of his bankruptcy require that his accounts are now marked as settled. But I don't see clear evidence of any requirement for BM to change the status of his credit file in this way.

Even if I were mistaken about the account status showing as a default rather than settled (which I don't consider I am) I note Mr H's credit file also shows he declared bankruptcy in 2021. This will remain on his credit file for at least six years even though his debts were discharged after a year. This is significant adverse reporting – which is more likely to be the reason Mr H is refused credit than the appearance of a historic default in respect of Agreement 1 (which will also drop off sooner than the bankruptcy). Mr H has not provided persuasive information to show otherwise.

Mr H has also referred to Agreement 1 as showing as an '*open*' or '*active default*' in his correspondence with BM. I don't see this terminology in the reporting, and showing a default does not equate to an account being open or a creditor being in active pursuit of arrears. It shows how the agreement ended at the time. BM has confirmed the account is not open. And from what I can see the account balance was updated on Mr H's credit file to £0 shortly after his bankruptcy was discharged – indicating there are no outstanding arrears. Mr H says the account is still reporting missed payments – but these appear to be historic – which would also be accurate reporting.

If Mr H considers BM are wrongfully pursuing him for the debt or acting against the terms of his bankruptcy in some other way he is able to escalate this to BM as a complaint and/or speak to the Insolvency Service (whom I see he has already got in touch with). But in regard to the reporting of the account status on his credit file I don't consider BM needs to do anything differently.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 May 2025.

Mark Lancod
Ombudsman