

## **The complaint**

Mr K complains that Santander UK Plc are incorrectly reporting information to the credit reference agencies in relation to a loan account he has with it.

## **What happened**

Mr K says he came to a payment arrangement with Santander to temporarily pay a reduced monthly amount towards his loan. Mr K made the agreed repayments; however, he states that Santander were reporting that he was both in an arrangement to pay, and that repayments were made late.

Mr K believes that Santander has unfairly reported late payments against him. And he says this has impacted his credit score. To put things right, Mr K would like the late payment markers removed from his credit file.

Santander initially responded to Mr K's complaint in May 2024. In this response it said that it would update Mr K's credit file to show that he was in an arrangement to pay.

However, in June 2024, Santander sent Mr K another response. It explained that the previous complaint handler had made a mistake and its reporting to the CRA's was accurate. It identified that in June 2023, it should have reported the account as being in an arrangement to pay, so it said it would update this. It also agreed to pay Mr K £75 to apologise for the mistake in its previous response.

The Investigator considered what both parties had said but they didn't think Mr K's complaint should be upheld. The Investigator found that because Mr K wasn't making the full contractual repayments, Santander were right to report the arrears to the CRA's.

Mr K didn't agree. He said that late payments shouldn't be reported because he made the payments in time. And even though the account was in arrears, this should still have been reported as an arrangement to pay.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

## **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.

Having considered all of the available evidence, I won't be upholding Mr K's complaint. I appreciate this decision will come as a disappointment to him, but I'll explain my reasons for this below.

When coming to my decision, I have taken into account relevant guidance. In this case, the guidance I have considered is the ICO (Information Commissioners Office) guidance (see ICO publication 'Principles for the Reporting of Arrears, Arrangements and Defaults at Credit

Reference Agencies' (Version 2a Published July 2016 (updated to refer to GDPR and DPA 2018)). This provides guidance on how accounts in payment arrangements and in arrears should be reported to the credit reference agencies. I have copied the relevant part of the guidance below:

*"Should a temporary reduction in the payment amount be jointly agreed between you and your lender, this 'arrangement' will be recorded at the CRAs.*

*This may also occur if there is a temporary change in terms (that is not part of the product) such as a payment holiday or change to interest only.*

*An arrangement may also be provided when a customer has agreed with the lender to make overpayments to clear historic arrears.*

*Depending on the period and amount of the arrangement, arrears may continue to be reported. Such temporary arrangements may last for some time but are generally expected to revert to the contracted terms at some future point. For such accounts arrears may continue to be calculated in accordance with the contracted terms.*

*The record must show that the account is the subject of special terms. The reporting of this fact may be different depending on the product and the CRA."*

When Mr K entered into the temporary payment arrangement, because he wasn't making the full contractual repayments, his account fell into arrears. I can see that Santander has reported that Mr K was in an arrangement to pay, so I think this is correct in the circumstances. The guidance I've mentioned above also states that arrears may also continue to be reported. Given that Mr K's account was in arrears, I don't think it was unfair or unreasonable of Santander to have reported the arrears (as well as the arrangement to pay), and it has reported this in line with the guidance I've referred to above. Based on this, I won't be asking Santander to update the information it is reporting to the CRA's.

I have listened to the call Mr K had with Santander when the arrangement to pay reduced amounts was set up. There was some discussion about the impact to Mr K's credit file, however I think Santander could have been clearer in explaining to Mr K how his credit file would be impacted. That said, Mr K couldn't afford to make the contractual repayments at the time, so even if he was provided with clearer information about the impact to his credit file, it wouldn't have made any difference to what was being reported – in that Mr K's account would still have fallen into arrears and an arrangement was in place.

I note Mr K has referred to Santander reporting late payments. This isn't strictly correct – the account is being reported as not having been up to date for that month – which is the arrears. The number 1 being reported refers to the account being one month in arrears, and the number 2 being reported is arrears of two months. I haven't seen any evidence to suggest that this reporting isn't accurate.

I note that Mr K was previously provided incorrect information in a complaint response. Complaints about complaint handling isn't a regulated activity and so this service can't generally make comment on this. That said, £75 doesn't seem unreasonable for the mistake it made, which led to a loss of expectation on Mr K's part. I don't find that Santander needs to honour updating the credit file as a result of the misinformation, as this would lead to inaccurate reporting on Mr K's credit file.

### **My final decision**

For the reasons set out above, I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 1 November 2024.

Sophie Wilkinson  
**Ombudsman**