

The complaint

Mrs G complains about how Barclays Bank UK PLC is reporting a loan on her credit file.

What happened

I issued a provisional decision on this complaint in July 2024. In that decision I explained why I thought the complaint should be upheld and what Barclays needed to do to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Mrs G previously held an overdraft with Barclays. She made an earlier complaint to us about the closure of that account that was decided by another ombudsman in September 2022. In that decision the ombudsman found that Barclays hadn't treated Mrs G fairly and asked it to put things right. The ombudsman asked Barclays to remove a default that had been reported to the credit reference agencies and to set up a repayment plan for Mrs G's outstanding overdraft balance in line with a couple of options the bank had proposed.

It seems that those resolution activities took rather a long time to be completed. Barclays didn't get in touch with Mrs G about the repayment options until May or June 2023. At that time Barclays told Mrs G it would offer her what it called an "off the books" loan. That allowed the loan to be repaid over an extended period of time, and without any interest being charged. Mrs G says that Barclays also told her that the loan wouldn't be reported on her credit file.

In August 2023 Barclays sent Mrs G confirmation that her new loan had been set up and told her that her first monthly repayment would be due on 15 September. But Mrs G says that in early September she noticed that the default had not been removed from her credit file. So she says she told Barclays she wouldn't be making any repayments on the loan until the removal had been completed. I understand that Barclays updated Mrs G's credit file on 26 September and Mrs G made her first repayment on 15 October.

But Barclays then wrote to Mrs G to tell her that she had missed a repayment so her loan was in arrears. And it added a missed payment marker to Mrs G's credit file. Mrs G complained to Barclays about what had happened.

Barclays apologised to Mrs G for the way it had dealt with the problems. It paid her £400 for the inconvenience she'd been caused. But it told Mrs G that it thought the information it had reported to the credit reference agencies, both about the loan itself and the missed payment, had been correct. And later Barclays paid Mrs G a further £100 to apologise for letters she'd received about the missed payment. It credited her account with £30.11, the value of the missed payment, to bring her loan up to date and stop any further letters being issued.

It is clear that Mrs G has been disappointed by the way she has been treated by Barclays for a considerable time. But this complaint, and so my findings here, cannot

revisit what has happened in the past, and been decided by another ombudsman. In this decision I will only be considering what happened when the new loan was opened for Mrs G, and the first payment was not made until October 2023.

I think I should first be clear that I don't consider the overdraft that Mrs G previously held, and the new loan she took out in August 2023, to be the same account. So I don't agree with Mrs G that Barclays is acting unfairly by reporting on the new loan account to the credit reference agencies. Whilst Barclays has removed the default in relation to the overdraft, I don't think that means it should not report the new loan.

I accept that Mrs G says that Barclays told her that her "off the books" loan would not be reported to the credit reference agencies. It is possible that she might have misunderstood the information she was given. But I cannot entirely discount the possibility that Barclays inadvertently gave her some incorrect information when the loan was being set up. I'm not however persuaded that would have made a material difference to any decision that Mrs G made at that time.

I think it is reasonable for Barclays to report any lending to the credit reference agencies. And Mrs G needed to repay the capital that she had borrowed on her overdraft in line with the previous ombudsman's decision. To do that it is likely she would have needed to borrow money to make the repayment – the terms she was offered by Barclays to do that, both the period of the loan and that it was interest free, were far better than she could have received elsewhere. And in any case a loan from elsewhere would have been reported to the credit reference agencies too.

So I cannot conclude that Barclays has acted unfairly by reporting the new loan Mrs G took to the credit reference agencies.

As I have said earlier, to resolve Mrs G's previous complaint, the ombudsman directed Barclays to remove a default that had been reported to the credit reference agencies and to set up a repayment plan for Mrs G's outstanding overdraft balance. I don't think it would be unreasonable for Mrs G to expect those actions to take place sequentially, or at the very least around the same time.

I understand that Barclays says it couldn't remove the default until the overdraft balance was repaid by the proceeds of the new loan. That doesn't seem unreasonable to me. But the new loan was provided on 15 August whilst the default wasn't updated until 27 September. I don't think the length of that gap was reasonable.

Mrs G was due to make her first repayment on the loan on 15 September. But that loan was given to her as part of the steps to allow the removal of the default from her credit file. I don't think she acted unreasonably by expecting the default to have been removed before the first repayment was due a month later. In similar circumstances, I don't think a consumer would expect to start repaying a car loan until after the car had been supplied.

So I'm not persuaded that Barclays has treated Mrs G fairly by showing a missed payment on her credit file. Although I think the impact of that will be relatively minor, given that it was just a single missed payment and the compensation Barclays later paid to Mrs G brought her loan account back up to date, I currently think it would be reasonable for that missed payment marker to be removed.

Barclays has already paid compensation to Mrs G for the distress and inconvenience she has been caused by the matters forming this complaint, I think the amount

Barclays has paid to Mrs G is in excess of what I would have said was fair and reasonable here. So I don't intend to make any further award for compensation to Mrs G.

Mrs G has only commented to remind me that she feels Barclays didn't give her enough information about the reporting of the new loan before it was given to her. Barclays didn't agree with my provisional findings. Although I am only summarising here what Barclays has said, I want to confirm that I have read, and carefully considered, everything it has said.

Barclays continues to think that it has reported Mrs G's loan account correctly. It questions the basis on which I have concluded the overdraft wasn't removed from Mrs G's credit file until 27 September. It says that it provided full information to Mrs G about the new loan, including how it would be reported and when the repayments were due. It says that it deleted the overdraft from Mrs G's credit file on 30 August – two weeks before the first repayment on the new loan was due.

I provided some more information to Barclays to support my findings, that I will discuss later in this decision. Barclays said that it still thought the adverse information about the overdraft had been removed in line with the above timescales. And it thought Mrs G should have made the loan repayment regardless – and challenged any misreporting of the overdraft later. It said that if the adverse information had been re-reported that was likely to be an error by the credit reference agencies ("CRAs") rather than by Barclays.

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 I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs G and by Barclays. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I remain satisfied that it is right that the new loan should be reported to the CRAs. I still accept it is possible that Mrs G misunderstood, or wasn't given enough information, about the loan and its reporting. But I don't think that, even if better information was available to Mrs G she would have made a different decision about the loan. It had an extended repayment period and at had no interest added – terms that Mrs G could not have got elsewhere in the market.

As I said earlier, Barclays has asked for some further information and evidence to support my conclusion that the adverse information wasn't removed from Mrs G's credit file until 27 September 2023. The information that I shared with Barclays was as follows;

On 6 September 2023, Barclays CRA team sent an internal email to the case handler. That email said the following;

The account was deleted from the CRAs on 30th August. You should have had an automated email to confirm.

We are due to revisit in mid-September just to ensure that the account does not re-report. A further confirmation email will be automatically sent once the case is completed.

Mrs G called Barclays on 11 October to discuss the problems with the reporting, and to explain why she hadn't made the first loan repayment. Barclays notes from that call say;

This was initially a Query however the customer has called in today as per the below to share the issue hasn't been resolved and that she thinks a further default was applied to her CRA in Sept. It seems we acted on FOS instructions however a further issue has now arisen that looks like a further default may have been applied.

The default took ages to be removed was due to be done by 15/9 but it wasn't done and she emailed [Barclays case handler] and called us leaving a message for him to pick this up. He contacted clearscore/Equifax and they confirmed this hadn't been removed and they then said 26/27 sept default was finally removed.

So from those two extracts of Barclays own internal correspondence I think it reasonable to reach the following conclusions;

- I think, as Barclays says, that the default was removed from Mrs G's CRA reporting around the end of August 2023.
- But, as Barclays was concerned might happen, it appears that the default was reported and added back onto Mrs G's credit file.
- The Barclays case handler was given confirmation by the CRAs that the default was finally removed on 26 or 27 September.

I don't know when Mrs G would have checked her credit file. Given that Barclays had told her on 24 August that it might take a few weeks before all the reporting was corrected, I think it likely Mrs G's checks might not have taken place until shortly before the first loan repayment was due on 15 September. And as I've explained above, by that time it appears that the default might have been reapplied. Mrs G would have had no way of knowing that the default had been removed and reapplied. When she checked her credit file it would simply have still been there. So I don't think the conclusions I reached in my provisional decision were unfair.

As I said in my provisional decision I think it entirely reasonable that Mrs G didn't start to repay the loan that arose as a result of corrections resulting from another ombudsman's decision until all the steps the ombudsman had directed had been completed. Her credit file was still showing a default, so those steps hadn't been concluded. So I can accept it was reasonable for Mrs G to not start repaying her loan given the previous problems she'd had with the bank.

I don't accept that it is likely to be an error by the CRAs that resulted in the loan being rereported. The CRAs simply reflect the information provided to them by the finance providers. Instead, as Barclays feared might be the case, it seems most likely that it was Barclays systems that resent the default information in error.

So my conclusions remain unaltered - I'm not persuaded that Barclays has treated Mrs G fairly by showing a missed payment on her credit file. Although I think the impact of that will be relatively minor, given that it was just a single missed payment and the compensation Barclays later paid to Mrs G brought her loan account back up to date, I think it would be reasonable for that missed payment marker to be removed.

Putting things right

Barclays should, within 28 days of being notified this final decision has been accepted, update its reporting of Mrs G's loan to reflect that no payment was missed (or late) in September 2023. Barclays should write to Mrs G once that correction has been applied so that she can validate her credit file is correct.

My final decision

My final decision is that I uphold Mrs G's complaint and direct Barclays Bank UK PLC to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 28 October 2024.

Paul Reilly
Ombudsman