

## **The complaint**

Mr T complains that Plata Finance Limited is reporting his loan on his credit file in a way that is causing him financial harm as it is preventing him from getting other credit.

## **What happened**

Mr T was provided with a £20,000 loan by Plata Finance on 1 November 2023. The total amount repayable was £33,334.02. Mr T says that Plata Finance is reporting the total amount repayable on his credit file instead of the amount he borrowed which he feels is preventing him from accessing other credit.

Plata Finance issued a final response to Mr T's complaint dated 10 May 2024. It explained that there are two ways in which a loan can be reported on a credit report and that its approach was to report the full balance including interest with the payment being deducted from the outstanding balance. It said this was an accepted way of reporting and gave an accurate representation of the total amount Mr T would need to repay.

Our investigator wasn't persuaded that Plata Finance's approach to reporting the full outstanding balance meant Mr T was being treated unfairly and she didn't find the information being reported was inaccurate. Therefore, she didn't uphold this complaint.

Mr T didn't accept our investigator's view. He was concerned that Plata Finance's way of reporting the loan didn't align with the principles of fairness and transparency as required by the Financial Conduct Authority's (FCA's) Consumer Duty. He said that Plata Finance didn't declare when he entered into the loan how it would report it on his credit file which he said was a lack of transparency. He felt that reporting the full loan balance was misleading and didn't accurately reflect the borrowing he had utilised and caused unnecessary harm to his credit file which in turn caused him potential financial detriment.

## **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 am sorry to hear of the extremely difficult time Mr T has experienced and I note that he has raised further concerns about the loan with Plata Finance. However, this decision relates to the complaint he has raised about how the loan is being reported to the credit reference agencies and which Plata Finance responded to in its May 2024 final response letter.

I understand that Mr T feels that Plata Finance hasn't treated him fairly by the way it records the loan and that he believes that in order to be transparent Plata Finance should have declared when he applied for the loan that the full amount would be recorded on his credit file. I understand the comment Mr T has made but for me to uphold this complaint, I would need to be satisfied that Plata Finance had done something wrong or treated Mr T unfairly in how it had reported his loan.

Mr T has raised concerns that the way Plata Finance is reporting his loan isn't in alignment

with the FCA's Consumer Duty. He said that he wasn't told when taking out the loan how it would be recorded which he felt was a lack of transparency and went against the FCA's requirement for firms to treat customers fairly and ensure they fully understand the financial commitments they are entering into. He also felt reporting the full balance could be seen as misleading and that it was causing financial detriment by causing unnecessary harm to his credit file.

I have considered the comments Mr T has made about Consumer Duty. The Consumer Duty was introduced by the regulator to set a higher standard for firms in terms of how they interact with their customers, and it applies to events from 31 July 2023. Consumer Duty doesn't replace or substitute other applicable rules, guidance or law and doesn't ask firms to act in a way that's incompatible with any legal or regulatory requirements. So in considering Mr T's complaint I have taken into account all relevant rules, regulations and guidance, including Consumer Duty.

Plata Finance is required to provide accurate information to the credit reference agencies. Mr T has provided a copy of his credit report, and this shows the current balance as an amount that includes both the original amount lent and the interest (so the balance started at £33,334). The balance is then reduced by the full payment amount each month. The Information Commissioner Office's Principles for Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies sets out that the current balance reported may be made up of a combination of the amount borrowed, interest and charges depending on the terms of the product. Therefore, I find that the reporting is in line with the regulator's guidance. And as I have nothing to show the loan information reported is inaccurate, I do not find I can say that Plata Finance is providing misleading information.

Plata Finance has said that it is reporting Mr T's loan in its usual way and so I cannot say that Mr T has been treated any differently to any other customer with a Plata Finance loan. I note Mr T's comment about financial detriment, but as I do not find that I can say Plata Finance is doing anything wrong in the way it is reporting Mr T's loan and as the amounts recorded are correct, it follows that I cannot say Plata Finance is causing Mr T financial detriment by its actions.

Mr T has said that he wasn't aware that the full amount owing would be reported to the credit reference agencies when he agreed to the loan. He has said that he wouldn't have agreed to the loan had he realised. Consumer Duty sets out that it wants firms to support customers by helping them make informed decisions about financial products and services.

I have looked at the information available to Mr T when he applied for the loan. Plata Finance's frequently asked question page explains that the interest on the loan is applied at the start (front loaded). So, information was available to Mr T about the interest being added to the loan amount at the outset. Plata Finance has also said that on a call with Mr T during the loan application he was told the full amount repayable, and he didn't ask at that time how that would be recorded on his credit file. Had he done so it would likely have been explained that the total amount outstanding would be recorded with the credit reference agencies.

So, while Plata Finance didn't explicitly set out how it records loans with the credit reference agencies, I do not find this means it didn't meet the consumer understanding requirements. Information about the loan being front loaded was available and details of how loans can be reported has been referred to above.

Mr T has said that he took out the loan with the intention of paying off his credit cards and improving his credit score and with the ultimate goal of refinancing. He said that due to how the loan is reported on his credit file this hasn't been possible. While I note Mr T's comments, I do not find it likely the reporting of the loan would have had an impact on his

initial plan to use the loan for paying off other credit. I appreciate his comment about struggling now to refinance but as the information is correctly reported, I find this gives accurate information about Mr T's credit commitments and it is up to other finance providers to assess this information together with the other information they gather during the course of an application process when deciding whether or not to provide additional credit to Mr T.

In conclusion, I understand that Mr T isn't happy with how his loan is being reported by Plata Finance, but, in this case, I do not find that Plata Finance has done anything wrong or treated Mr T unfairly by reporting the principle balance together with the associated interest to the credit reference agencies.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 21 November 2024.

Jane Archer  
**Ombudsman**