

## **The complaint**

Mr L complains about how The Governor and Company of the Bank of Ireland trading as Bank of Ireland Mortgages (“BOI”) reported on his credit file.

## **What happened**

Mr L had a mortgage with BOI and in December 2020 he stopped working full-time, becoming a full-time carer. Mr L later applied for Mortgage Interest Support (“MIS”) through the Department for Work and Pensions (“DWP”). This took some time to progress and for the money to be paid out. Mr L was in contact with BOI at this time, telling them of the progress of the application.

Mr L understood that arrears wouldn’t be reported on his credit file as he had previously had a problem making payments in 2017 and had worked with BOI to avoid reporting arrears. Mr L says that although he got arrears letters, he was told not to worry about them. But when in 2023 Mr L discussed with a broker options about remortgaging and downsizing, he found that BOI had been reporting the arrears and his credit file showed that he had been at least one month in arrears for three months for the period, January to March 2023.

Mr L said that had he been aware of the impact the arrears would have on his credit file that he would have borrowed money from his family whilst awaiting the payment from the DWP. Our investigator’s view was that BOI didn’t make Mr L of the credit implications of his going into arrears and if it had done, Mr L could have taken steps to avoid this by borrowing money from family. BOI said that they had discussed the credit implications, but this was in 2017 and not more recently. Our investigator recommended that this complaint should be upheld, compensation of £350 paid and that BOI should remove any adverse markers on Mr L’s credit file from January to March 2023. Mr L accepted our investigator’s view. BOI disagreed and asked for a review.

## **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.

BOI have a duty to report information to a CRA that is fair and accurate, and BOI’s view is a simple one that as Mr L failed to make payments as they fell due, it was correct in reporting these missed payments to the CRA. Mr L’s position is that when he had previous discussions in 2017 with BOI about a payment arrangement, BOI alerted him that there would be credit file implications and he then discussed with them how to manage the impact of the arrangement on the credit file. Mr L says that this discussion about the credit file implications was what was missing this time and had he known that the arrears would be reported he had an alternative to the arrangement which was to ask his family for money to make the payments and avoid the negative impact on his credit file.

The background was that Mr L was facing financial difficulties and sought help from the

DWP to make the mortgage payments, but this took some time to arrange and in the meantime, although Mr L made payments, they were less than the CMP and in the winter of 2022/3 the account slipped into arrears. But Mr L was in contact with BOI before January 2023 to begin his application to the DWP.

Mr L's point is that despite the several calls he had and the letters he received from BOI no mention is made of the credit implications of what he was doing unlike his previous contact with the bank.

Previously, in March 2017, Mr L had a financial difficulty, contacted the bank and the collection notes record that the agent

*"Made Mr aware the amount he was ahead by & explained I can send I&E today so we can carry out a financial assessment to see what the appropriate options would be. Also discussed conc/arr & impact on credit file..."*

*Mr is quite concerned that his credit file is kept intact. This was a very thorough phone call and we talked specifics in relation to what he could pay without impacting his credit file "*

What I take from that is that Mr L was approaching a financial difficulty, was going to put forward a plan working with BOI to deal with it, BOI alerted him that the plan would have credit file implications and in that instance the agent was also able to suggest ways to avoid it impacting his credit file. That seems good practice as if the customer is considering an arrangement which will lead to missed payments - but those missed payments will be repaid – the borrower may not understand that this could impact his/her credit file so the lender points this out. That allows the customer the possibility of making alternative arrangements if these are possible.

BOI say that any customer should know that any non-payment would be reported to the CRA from the terms of the mortgage agreement and Mr L would know this from his previous work as a financial consultant. But this particular customer had previous experience where he approached BOI about forthcoming financial difficulties, it alerted him to the credit file implications and worked with him to avoid the negative impact.

In this case, in the autumn of 2022, Mr L seems to have pro-actively approached BOI in advance of his financial difficulties - as he did in 2017 - with a plan to deal with those through payments from the DWP. Mr L says that at that time he contacted the BOI arrears team and as his queries were of a practical nature - obtaining paperwork for the DWP - he was put through to the BOI mortgage processing team. This was a plan to deal with his financial difficulties and I would have thought that someone in the process would have pointed out – as in 2017 – that such a plan would have credit file implications. So that even though the DWP would be making the payments as there could be a delay in receiving those payments from the DWP non-payments in the meantime would give rise to arrears. I believe that it would be reasonable for BOI to have pointed this out even in simple terms. But I've seen no evidence that it did so whether in written or spoken form as it did in 2017. As DWP was to make the payments - which it eventually did - I don't consider that it was unreasonable for Mr L to assume, as he appears to have done, that the delay in making the payments as opposed to non-payment might not have affected his credit file.

My view is that in this particular case, given how BOI dealt with a similar situation in 2017 and given that Mr L was proposing making payments although delayed payments through no fault of his own, that BOI should have alerted him to the credit file implications if the DWP payments were delayed. Would it have made any difference? Certainly in 2017 Mr L engaged with the collection agent to minimise the impact. In this case, Mr L says that he could have turned to family to borrow money to make the payments. As evidence of this,

when Mr L was made aware that his credit file had been impacted he says he turned to family and the arrears were cleared within a few days. So, I consider that if BOI had alerted Mr L to the credit implications of this, it's likely that Mr L would have made the payments from borrowing from family to avoid the negative impact on his credit file. That's why I don't consider that BOI's reporting of the arrears on his account was fair.

So, I intend to uphold this complaint. To put things right, Mr L should be put back in the position I believe he would have been in had BOI acted appropriately. So, BOI should contact the CRAs to have the adverse credit markers for January – March 2023 removed. Mr L will have suffered an amount of distress and inconvenience and I believe that the figure suggested by our investigator of £350 is fair in the circumstances. I've considered whether further compensation might be due given Mr L's difficulty in obtaining a joint mortgage. But for the reasons set out by our investigator I don't consider that appropriate.

### **Putting things right**

The Governor and Company of the Bank of Ireland trading as Bank of Ireland Mortgages should contact the credit reference agencies that they supply information to and require that they rectify Mr L's mortgage account for the months January to March 2023 so that any adverse information is removed. It should also pay Mr L £350.

### **My final decision**

My decision is that I uphold this complaint and require The Governor and Company of the Bank of Ireland trading as Bank of Ireland Mortgages to take the action referred to above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 October 2024.

Gerard McManus  
**Ombudsman**