

The complaint

Ms W said that The Mortgage Works (UK) Plc (“TMW”) hadn’t taken two of her monthly mortgage payments for her Buy To Let (“BTL”) mortgage, and then had unfairly recorded missed payments on her credit file.

What happened

Ms W said she received no notification either from TMW or from the bank where she has her current account, that two payments to her BTL mortgage with TMW had been missed. She said she only realised this when she got a notification from a credit reference agency.

Ms W said she cleared the arrears the same day, and that meant one of the two payments had been made within 30 days of its due date, but she said TMW had still recorded missed payments on her credit file. Ms W said she had shown TMW that she had money in her account, by forwarding her statements, and she had also shown it she had no missed direct debit showing on those statements.

Ms W said this could affect her work, she required good credit for that. She wanted TMW to remove the missed payments it had recorded for March and April 2024.

TMW didn’t think it had done anything wrong. It said it had tried to collect Ms W’s mortgage payments each month, on 18 March and 18 April, but each time the direct debit was returned unpaid, and TMW was told there weren’t sufficient funds in Ms W’s current account.

TMW said it had written to Ms W about the failed direct debits on 22 March, and then again on 22 April. It said it had also written to her about the arrears on her account on 31 March and 6, 13 and 26 April. It sent a mortgage statement showing arrears on 30 April, and another arrears letter on 4 May.

TMW said it had sent these letters to the address it held for Ms W at the time. It said Ms W had referred to having a mail redirection in place, but it was only after this complaint was raised that Ms W had then updated her address with TMW.

TMW said it had recorded Ms W’s mortgage as in arrears, by two months, in the month of April only. It said it wouldn’t amend this now. It has told our service that it received copies of Ms W’s current account statements for March only, and it could see she didn’t have enough funds in the account for her mortgage payment to clear on the date it was claimed.

Our investigator didn’t think this complaint should be upheld. He said that he’d seen bank statements from Ms W for March and April, and he didn’t think Ms W had enough money to cover these mortgage payments on either 18 March or 18 April 2024. So he didn’t think these payments were missed because of any mistake by TMW. And he said TMW had acted to let Ms W know about the missed payments. He thought its letters were sent, and to the address TMW held at the time. So it wasn’t TMW’s fault if Ms W didn’t receive those.

TMW had reported arrears on Ms W’s mortgage for the month of April only. Our investigator didn’t think TMW had to change that now.

Ms W replied, to say that TMW had agreed to amend her credit file, and then didn't do so. She said we hadn't referred to that. And she said she was trying to find out what had gone wrong with her redirection service, or with her bank.

Our investigator wrote again saying he'd listened to a call from 15 May, and on that call Ms W said she would send evidence that there were sufficient funds in her account to make the payment, and TMW said it would then consider amending her credit file. Our investigator said TMW had never promised the credit file would be amended, only that the position would be reviewed. Our investigator said he understood how important her credit file was to Ms W, but he didn't think there was any evidence to show an error had been made.

Ms W said she could see an entry on the records TMW had sent her saying a credit file amendment had been authorised, so she thought TMW had decided to make the amendment, but then didn't do so.

Because no agreement was reached, this case was then passed to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

TMW said it requested payments from Ms W on 18 March and 18 April 2024. From the information TMW has shared with us, it does appear that Ms W's mortgage payment is requested by TMW on the 18th of each month, and Ms W hasn't suggested otherwise.

I have seen Ms W's statements for her current account for March and April. On 18 March, at the start of the day, there were not sufficient funds in Ms W's current account for her mortgage payment to clear, and her to remain within her agreed overdraft. I can see that a transfer in to the account was made at some point on 18 March, but it seems likely that Ms W's direct debit payment had already failed on that date.

TMW has told us it then wrote to Ms W about the missed March payment on 22 March and 31 March. So I think it had taken steps to alert Ms W to this problem.

The letters were sent to Ms W's old address. TMW says Ms W didn't update her address with it until after this complaint was made. When Ms W cleared security, in May 2024, she used her old postcode, and said TMW had her old address, so I think she was aware of this. I know Ms W says she didn't receive TMW's letters, but I don't think that's TMW's fault.

However, I note that this missed payment hasn't been recorded on Ms W's credit file for March 2024.

On 18 April, Ms W's current account didn't have enough funds for this mortgage payment to clear, and for her to remain within her agreed overdraft. There wasn't enough money in the account between 16 April and 22 April for her to pay this mortgage, and stay within that overdraft facility. So it seems likely that Ms W's direct debit failed on 18 April because there just wasn't enough money in her account.

TMW has told us it had already written to Ms W on 6 and 13 April, before it tried to take the April payment. And it then wrote to Ms W about the missed April payments on 26 April, 30 April, and 6 May. So I think it had taken steps to alert Ms W to this problem. Again, I know Ms W says she didn't get the letters, but I've explained why I don't think that's TMW's fault.

TMW did record a missed payment on Ms W's credit file for this month, correctly recording that she was then two months in arrears. I don't think TMW made a mistake when it did that.

Ms W has told us TMW agreed to remove the negative marker on her credit file for April, but then it just didn't do so. Ms W has drawn our attention to part of the contact notes TMW made on her account, for 17 May, where a heading reads "*CREDIT RATING AMENDMENT approved for account*". So Ms W says an amendment to her credit file was approved, then not actioned.

TMW has also sent us a copy of these notes, they suggest the most recent time TMW had spoken to Ms W was 15 May. I've listened to that call, and I don't think TMW had promised Ms W it would make an amendment to her credit file. Ms W gave TMW reassurance that she was entirely confident there was enough money in her current account on both dates for the direct debit to be taken. In response to that, TMW said if she forwarded evidence of this, that it would consider making an amendment.

I also note that below the heading that Ms W has drawn to our attention, the following text appears "*please consider amending cfile due to sufficient funds dd is still showing as active*". So it appears that this was no more than TMW has said, an agreement on its part to consider an amendment, if Ms W showed there was enough money in her account on 18 March and 18 April.

Ms W didn't want to send proof that there were sufficient funds for the payment to be taken in April, because she said she'd made payment within 30 days of it being due. I think the terms of Ms W's mortgage require her to make a payment in the calendar month that it's due, and Ms W didn't do that. But I don't think things would have been different if TMW had been sent the evidence it requested, because I don't think there were sufficient funds in Ms W's current account to meet the April mortgage payment when it was requested.

TMW has considered making an amendment to Ms W's credit file, and it has decided not to do so. On the basis of the evidence I have seen, I can't say that's unfair or unreasonable.

I know that Ms W will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

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

Esther Absalom-Gough
Ombudsman