

The complaint

Mr W is complaining about Zopa Bank Limited because he's unhappy that it reported a missed payment on his account to the credit reference agencies (CRAs).

What happened

Mr W had a credit card account with Zopa. It issued a statement on 29 May 2004 setting out the amount he'd need to pay by 23 June.

Mr W had set up a continuous payment authority (CPA) to make payment but unfortunately this failed when Zopa tried to collect payment on 21 and again on 23 June. Zopa says it contacted Mr W on 21 and 23 June to tell him it hadn't been able to collect payment. It then applied a £12 late payment fee and reported the missed payment to the CRAs.

Mr W called to make payment in full on 2 July. Following his complaint, Zopa agreed to refund the late payment fee but wasn't prepared to amend his credit file, saying it was obliged to report the position correctly.

Our investigator didn't recommend the complaint be upheld. He concluded Zopa had taken appropriate steps to tell Mr W about the payment that was due and to let him know when this wasn't successfully collected. He noted that lenders are required to report accurately to the CRAs and felt Zopa was entitled to report the payment as late when it wasn't received by the due date.

Mr W didn't accept the investigator's assessment. He provided evidence that other lenders allow longer grace periods for payments to be made and also referred to various websites saying it can take up to 30 days for later payments to show up on a credit file. He thinks Zopa should have applied greater discretion and compassion and doesn't think the effect on his credit file is proportionate with the error made.

The complaint has now been referred to me for 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Mr W didn't make the payment required by the due date confirmed in his monthly statement. Zopa said it allowed a short grace period in case payment was

pending, after which it reported the missed payment to the CRAs. In line with relevant guidance from the Information Commissioner's Office (ICO), Zopa is correct to say that it has a responsibility to report the status of the account correctly and I'm satisfied it was entitled to report a late payment in this case.

Particularly in view of the amount involved, I understand why Mr W may feel the consequences of his error outweigh the actual error itself. But there's no provision in the regulator's rules or ICO guidance for lenders to apply discretion based on the amount outstanding.

I have considered the additional evidence provided by Mr W but I don't think this necessarily means what he appears to believe. It may well be the case that it can take up to 30 days for a missed payment to show up on someone's credit file, but this is more likely to be due to a timelag in reporting to the CRAs and these reports then being compiled before a credit file is amended, rather than an indication that lenders typically apply a lengthy grace period for making payments.

I note Mr W has provided evidence that one particular lender applies a 14-day grace period "*in certain cases*". But this isn't something lenders are required to do and I'm unable to conclude Zopa did anything wrong in not allowing Mr W longer to pay in this case.

It's for these reasons that I'm not upholding this complaint. I realise this outcome will be disappointing for Mr W, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation provided is helpful.

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 W to accept or reject my decision before 4 November 2024.

James Biles
Ombudsman