

The complaint

Ms S is unhappy that Inclusive Finance trading as Creditspring didn't tell her about a missed payment on her loan account and the arrears that have been reported on her credit file since.

What happened

Ms S took out a fixed sum loan agreement with Creditspring.

Ms S had a payment on her loan and a £5 membership fee due on 27 February 2023. She missed these payments but requested for them to be moved to 16 March 2023 and the 16th of each month going forwards. Creditspring accepted the change of payment date but the payment due on 16 March 2023 was not made.

After her payment failed, Ms S says she contacted Creditspring but received no help.

Creditspring have provided evidence showing they sent emails and text messages to Ms S throughout March telling her about the missed payments. After March, they didn't contact her but continued to report adverse information to the credit reference agencies.

Ms S began to make her monthly payments from April. As she didn't hear anything further from Creditspring, she assumed the missed payments from March had been added to the end of her agreement. She's explained this is what happened with other lenders when she had missed payments before.

In July 2023 Ms S realised that missed payments from March were being reported to the credit reference agencies. She was unhappy about this so complained to Creditspring. She asked them to remove the adverse information following on from the missed payment as it was causing her credit file to be ruined.

Creditspring issued their final response letter and said that as Ms S did miss a payment, they are required to report this to the credit reference agencies. Our investigator upheld Ms S' complaint and said Creditspring should remove all but the first missed payments from her credit file. As Creditspring didn't respond, the case was passed to me to review.

I was sorry to hear about how upsetting and frustrating Ms S has found dealing with this but after reviewing the case, I came to a different outcome to the investigator.

I sent Ms S and Creditspring my provisional decision on this case on 13 September 2024. I explained why I don't intend to uphold this complaint. A copy of my provisional findings is included below:

Creditspring have provided evidence that they sent an email to Ms S' correct contact details throughout March to explain that her payment had been missed. They also told her on 23 March that if payment wasn't made within twenty-four then they would be reporting it as missed to the credit reference agencies. So, I think they did enough to inform Ms S that she had missed a payment in March.

Ms S has said she tried to contact Creditspring for help when her payment failed. I've looked through the contact notes and cannot find a record of this. I've also asked Ms S to send me copies of the emails she sent but unfortunately, I haven't received these.

Ms S has explained that because she didn't hear from Creditspring she assumed the missed payment would be added to the end of her agreement. But I can't see that Creditspring told her that this would be the case. The terms and conditions of Ms S' agreement also don't say the agreement will continue as normal if payments are missed.

And so, while I understand why Ms S didn't expect the missed payment to be reported, I don't think Creditspring did anything wrong reporting the missed loan and membership payment in March 2023.

I've asked Ms S to send me a copy of her credit report so I can see how the missed payment shows but I've not received this.

It is my understanding that Creditspring reported the payments in March as missed but would have reported the subsequent payments as made on time. Based on what I have seen, I think it is reasonable that Creditspring have reported that the account has been in arrears since March 2023 because that payment hadn't been made.

Ideally, I think Creditspring should have sent Ms S further communications after March to remind her that she had missed a payment. I can't see this happened, so I've thought about whether this would've made a difference. I've considered that when Ms S realised the missed payment was showing in July 2023, she didn't make a payment to Creditspring to clear it. So, I'm unable to reasonably conclude that she would've cleared the March arrears if she had been told about them earlier.

So, while I sympathise with Mr S' situation, I don't think Creditspring have done anything wrong in reporting the payment in March as missed.

Ms S and Creditspring didn't respond to the provisional 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.

As I didn't receive any further comments from Ms S or Creditspring, I see no reason to depart from the conclusions I reached in my provisional decision.

My final decision

My final decision is that I don't uphold this complaint.

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

Ami Bains
Ombudsman