

The complaint

Mr and Mrs H complain that National Westminster Bank Plc mistakenly reported a payment on his mortgage account to a credit reference agency ("CRA") as missed when it had been paid.

What happened

Mr and Mrs H had a mortgage with NatWest but bank elsewhere. They noticed that their credit score had gone down on their bank app and after discussions with their bank and the CRA discovered that a missed payment - the payment due at the beginning of June - had been recorded by NatWest on their mortgage account. Mr and Mrs H contacted NatWest which said that it hadn't told the CRA about a missed payment as there hadn't been one, and then said it would contact the CRA but there was a delay in doing so.

NatWest says that as the payment it received from Mr and Mrs H by direct debit was more than the monthly payment (this was the final payment on the mortgage) it did not apply it immediately but there was a short delay and a refund processed and issued. In the meantime, as it had not applied the payment to the account on time, it reported incorrectly the missed payment to the CRA. Mr and Mrs H made NatWest aware of the issue. The bank says there was some delay in processing the complaint through the credit data team but at the end of July that team contacted the CRA to say that the adverse data was incorrectly reported and requesting its removal. NatWest accepts that it should not have recorded this as a missed payment and offered Mr and Mrs H compensation of £200 for their trouble and upset. Our investigator thought that this offer was fair and did not recommend that the complaint should be upheld. Mr and Mrs H 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.

In addition to the file, I've read Mr and Mrs H's comments in their email of 7 October 2024. Mr and Mrs H made the June payment on time so why would NatWest record it as a missed payment? It does indeed appear to be poor customer service that this happened and that it took longer than it should have done to sort it out. Anyone looking at the account could have seen that the account had been paid on time and that the information provided to the CRA was incorrect.

In deciding what the appropriate compensation is I have to look at the effect it had on Mr and Mrs H. Any blemish on a credit record becomes relevant whenever a credit application is made. Mr and Mrs H weren't making an application at that stage, so the incorrect credit information had no material financial impact on them. Things might have been different had they been making a credit application but that's not the case. My role is not to punish a lender for any poor service it provided. We're not regulators but a dispute resolution service. I have to decide on what is fair compensation for any distress and inconvenience suffered by Mr and Mrs H.

Although there was some delay in NatWest amending the record, there's no indication that it was refusing to do so. The bank initially appears not to have understood why it would have reported a missed payment given Mr and Mrs H's punctual payment history and then some delay in actually amending the record. It was reasonable for Mr and Mrs H to be frustrated and annoyed by NatWest and it took some work by them to get it sorted. On the other hand, it was not a case that they were urgently awaiting the outcome of a loan application and frustrated with the delay in getting it because of this problem. This was poor customer service leading to an error that required a reasonable effort to sort out, causing a degree of frustration over a period of weeks. I believe with the assistance of our guidance on such awards that the amount of £200 already offered by NatWest is fair.

My final decision

National Westminster Bank Plc has already made an offer to pay Mr and Mrs H £200 to settle this complaint and I think the offer is fair in all the circumstances. So, my decision is that National Westminster Bank Plc should pay Mr and Mrs H £200 unless it has already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 10 December 2024.

Gerard McManus
Ombudsman