

## **The complaint**

Miss J complains that PayPal UK Ltd recorded a query marker on her credit file when she asked for help getting a refund on goods she purchased.

## **What happened**

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

*In October 2023 Miss J used her credit account to purchase goods from a retailer. On 10 November 2023, Miss J contacted PayPal and advised the goods she'd purchased hadn't arrived. PayPal says it raised a dispute with the merchant and applied a Query Marker, or Q marker, to her credit file to reflect the fact she was disputing a transaction on the account. The dispute was ultimately declined and closed.*

*Miss J's explained the Q marker has remained on her credit file even after the dispute was resolved and has impacted her ability to secure credit. Miss J raised a complaint and PayPal issued a final response. PayPal said it had correctly recorded the query on Miss J's credit file and didn't uphold her complaint.*

*Miss J referred her complaint to this service and it was passed to an investigator. They weren't persuaded that PayPal had made a mistake or treated Miss J unfairly by applying a Q marker to her credit file and didn't uphold her complaint. Miss J asked to appeal and said she remained of the view that PayPal had unfairly used a Q marker after she raised a genuine dispute. As Miss J asked to appeal, her complaint has been passed to me to make a decision.*

## **What I've provisionally 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 been brief in setting out the timeline concerning Miss J's complaint above as all parties broadly agree concerning what happened. Miss J raised a dispute concerning goods she'd purchased via her PayPal credit account and it went on to record a Q marker in November 2023 on her credit file. Despite the dispute being resolved, PayPal left the Q marker on Miss J's credit file for November 2023 and claims it doesn't have a negative impact. But Miss J says that since the Q marker has been applied she's been consistently declined for credit despite never having had issues in the past.*

*I've reached a different view to the investigator and intend to uphold Miss J's complaint. I'll explain why.*

*PayPal says it's obliged to report accurate information to the credit reference agencies and that the Q marker means the account is or has been subject to a query by the customer. PayPal's also told us it doesn't stop reporting the Q marker and leaves it on the customer's credit file, even after the query has been resolved.*

*Whilst I understand PayPal's obliged to report accurate information on its customer's credit file, I've taken guidance provided by one of the credit reference agencies into account. The guidance says Q markers should be used when a credit account is under review by the lender. Essentially, the purpose of the Q marker is to highlight the information contained in the credit file is the subject of a dispute. If there's no dispute on the data, then the Q marker wouldn't be relevant. I'm satisfied Miss J wasn't disputing the data recorded by PayPal on her credit file but was raising a dispute concerning a purchase she'd made.*

*I've also considered other industry guidance. The Steering Committee on Reciprocity (SCOR) is a forum made up of representatives from the credit industry, including the credit reference agencies. SCOR gives guidance in its Principles of Reciprocity. The main thrust of the Principles of Reciprocity is that data is shared only for the prevention of over commitment, bad debt, fraud and money laundering and to support debt recovery, debtor tracing or to avoid irresponsible lending. But here, PayPal's confirmed it reported a Q marker to reflect the fact Miss J raised a dispute concerning whether goods had been received from a merchant she paid. I haven't been persuaded the grounds PayPal has cited fall within the guidance provided by SCOR or bear any relevance to how payments were made.*

*I haven't been persuaded that PayPal had reasonable grounds to continue to record the Q marker on Miss J's credit file once the query was resolved, regardless of the outcome. Even if I were to accept PayPal had reasonable grounds to record the Q marker in the first instance (which I don't), I don't agree it would be fair to continue reporting it once the query was dealt with and resolved.*

*PayPal's told us Miss J can register a Notice of Correction with the credit reference agencies which would mean she could add some information about the Q marker for other creditors to see. But I'm not persuaded that's fair and it feels disproportionate when PayPal can simply amend Miss J's credit file and remove its Q marker.*

*I understand Miss J's claim that she's been declined credit as a result of the Q marker. It's difficult to demonstrate exactly why a credit application may or may not succeed. And whilst I note Miss J's comments, I haven't seen a clear link between the Q marker and unsuccessful applications she's told us about.*

*In my view, PayPal's caused Miss J a reasonable level of inconvenience. So, in addition to amending Miss J's credit file I also intend to tell PayPal to pay her £200 in recognition of the distress and inconvenience caused.*

*I invited both parties to respond with any new information or comments they wanted me to consider before I made my final decision. Miss J responded and confirmed she accepted. We didn't hear back from PayPal.*

### **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 neither party has provided any new information for me to consider by the due date noted in my provisional decision, I see no reason to change the conclusions I reached. I still think Miss J's complaint should be upheld, for the same reasons.*

### **My final decision**

*My decision is that I uphold Miss J's complaint and direct PayPal UK Ltd to settle as follows:*

- Amend Miss J's credit file to remove the Q marker
- Pay Miss J £200 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 26 November 2024.

Marco Manente  
**Ombudsman**