

The complaint

Mrs L complains that Fair for You Enterprise CIC recorded adverse information on her credit file.

What happened

On 21 August 2022 Mrs L took out a Food Club Card with Fair for You with an initial top up of £60. On 12 December 2022 a further top up of £100 was applied to the account. Following this, Mrs L made 3 weekly payments of £10 under the credit agreement but no further payments were received until 28 February 2023.

In March 2024 Mrs L contacted Fair for You and complained that a default had been placed on her credit file.

Fair For You said it had made an error and contacted the credit reference agency the following day to have the default removed. It notified the credit reference agency of the correct payment history for the account. Fair for You apologised to Mrs L for any inconvenience caused and offered compensation of £100.

Mrs L remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said Fair For You had removed the default and had offered compensation which was fair and reasonable.

Mrs L didn't agree. She said the default had been put on her credit file in January 2024 and had been removed in April 2024. She said the delinquency had been put on in April 2024 and removed in June 2024.

Because Mrs L didn't agree I've been asked to review the complaint.

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 reviewed the credit agreement between Fair for You and Mrs L. This sets out the initial credit limit of £100 and the terms of repayment at a minimum of £10 per week. Under the section headed "Missing Payments" it states as follows:

"Missing a payment can have severe consequences. You may incur additional interest charges and deductions from any benefits you receive may be made. Your credit record may be affected, and you may find it more difficult /expensive to borrow from us or another lender."

I've also reviewed the statement of account. This shows that Mrs L took a top up of £100 on 12 December 2022. She made a payment of £10 on 16 December 2022, and on 23 December 2022, on 30 December 2022. Following this, Mrs L missed several weekly payments, with her next payment of £44.00 made on 28 February 2023. The statement of

account shows that a Default Notice Admin Fee of £9.50 was applied to the account on 10 February 2023. Mrs L made a payment of £35.50 to clear the account on 28 March 2023. Since then, Mrs L has had further top ups of £100 on 30 March 2023 and 21 August 2023. There have been no missed payments since those I have referred to above and the account was cleared and closed in May 2024.

Based on what I've seen, I'm satisfied that Mrs L missed several payments in January/February 2023. I'm also satisfied that Mrs L was warned of the consequences of missing payments in the terms and conditions of the credit agreement. I'm therefore unable to say that Fair for You made an error or treated Mrs L unfairly when it reported missed payments to the credit reference agencies.

Even though the statement of account refers to a Default Notice Admin Fee, I can't see from the information I've got that Mrs L was sent a Notice of Default or that the account was defaulted. So, I don't think Fair for You acted fairly when it registered a default on Mrs L's credit file. Fair for You has acknowledged that it made an error in doing this and has removed the default. It has also offered compensation of £100 to Mrs L for the distress and inconvenience caused.

The default has been removed from Mrs L's credit file now. I appreciate that it will have caused her some distress when she discovered it but based on what I've seen it was removed quickly by Fair for You once the error was identified. My understanding is that the default was substituted with information about the missed payments from January/February 2023. I'm unable to ask Fair for You to remove the information about the missed payments as this is an accurate reflection of the account at the time.

Mrs L has told this service that the entries on her credit file had nothing to do with the missed payments in January/February 2023. This service asked Mrs L to provide a copy of her credit file in order to check this, but she said she wasn't able to obtain a credit report which showed the entries.

In the absence of a credit report showing that the entries relate to something else, or that they have been reported in error, I'm unable to ask Fair for You to do anything further.

My final decision

For the reasons I've explained above, I'm unable to uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 23 December 2024.

Emma Davy
Ombudsman