

## **The complaint**

Mrs H and Mr P complain that Pepper (UK) Limited trading as Engage Credit failed to warn them that their payments were no longer enough to cover their mortgage, then wouldn't remove marks on their credit files, which are stopping them from remortgaging elsewhere.

## **What happened**

Mrs H said that in June 2024, Mr P showed her a text message from Engage, which said it needed to speak to them about their mortgage. She rang Engage, and it said the mortgage was over £6,000 in arrears. Mrs H said she and Mr P had been completely unaware of this, they had understood they were overpaying.

Mrs H said Engage had been sending letters to the wrong address, and didn't text them until they'd been underpaying for six months. Mrs H said that she and Mr P had lived somewhere else briefly some time ago, but returned home to the property which provides security for this mortgage about seven years ago. She said Engage was told about that at the time, but it must not have updated their address.

Mrs H said they'd paid off the arrears and amended their standing order within a week of receiving the text, and they wanted to know why Engage hadn't texted them sooner.

Mrs H also said that Engage had reported the missed payments to the credit reference agencies. This was preventing them from getting a new mortgage elsewhere. Mrs H said that they needed to move, as Mr P was disabled, and they wanted a smaller, more manageable property more suitable for his needs. They wanted Engage to remove the record of their mortgage arrears so they could implement their plans for the future.

Engage didn't think it had done anything wrong. It said that it had been given a new address for the couple in late 2017, and the address hadn't been updated again after that, until very recently. Engage said it was Mr P and Mrs H's responsibility to keep their correspondence address with it up to date, and because they hadn't done that, all the correspondence Engage had been sending about changes to their interest rate, and the arrears on the account, had gone to the wrong place.

Engage said it had reported this mortgage as being two months in arrears in March and April 2024 and three months in arrears in May and June 2024. It said that was an accurate report of the position of the mortgage at the time, and it wouldn't amend this now.

Our investigator didn't think this complaint should be upheld. He said Engage had shown us Mr P and Mrs H did tell it they'd moved out of the security address in 2017, and Engage had used that correspondence address. It did write to Mr P and Mrs H about the change in interest rate, and the impact on their monthly payments, in late 2023, as we'd expect, but Mr P and Mrs H didn't get these letters. Engage also sent text messages to the number it had on file.

By March 2024, the mortgage was over two monthly payments in arrears, so Engage reported this to the credit reference agencies. Mr P and Mrs H cleared those arrears in June

2024. Whilst Engage had told the credit reference agencies that Mr P and Mrs H weren't in arrears any more, our investigator said it didn't have to remove the previous reporting. Engage has a duty to report accurate payment history to credit reference agencies. Our investigator said he couldn't see that Engage had made a mistake, or that Mr P and Mrs H had given Engage their new address.

Mrs H replied to object. She said she'd only had one text from Engage about the arrears, and she thought this should have been sent much sooner. She wanted our service to consider the situation she and Mr P were left in now, and ask Engage to make a change to their credit file, to remove the missed payments which she said were just a blip. Mrs H said that recent correspondence sent to Engage had been received but not dealt with, and she said that Engage couldn't prove that the same hadn't happened with the letter updating Mr P and Mrs H's address. So she thought Engage should change their credit record.

Mrs H said that Mr P's circumstances were exceptional, and we ought to take this into account. She said Engage was failing in its duty to avoid significant harm to customers. She wanted someone else to look at this sympathetically.

Because no agreement was reached, this case came to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

Mrs H hasn't received mail from Engage for some years, as her address was changed when she moved out of the security address, and then not changed back when she moved back in. I've looked carefully at Engage's contact notes, and I cannot see any record of Mrs H or Mr P asking Engage to change this back.

Mrs H says Engage failed to deal with recent correspondence she sent to it, and she said the same could have happened earlier. So she thinks Engage should update her credit file.

I don't know whether or not Mrs H did write to Engage seven years ago to tell it she and Mr P had moved back into the mortgaged property. As Mrs H has suggested, it would be difficult to prove this beyond any doubt, now. But we do know what's happened since. And I think that in this case, that is important.

I would have expected Mr P and Mrs H to be aware over the years since 2017 that they were no longer receiving correspondence from Engage. They presumably have never received information telling them their monthly payment was going up, but I can see that they have periodically increased the payments they were making to the mortgage in this time.

I can also see that Engage spoke to Mr P in 2020, when he said he hadn't received correspondence it had sent. Engage said then it would send out a letter again, and Mr P presumably didn't then receive correspondence he was expecting.

Additionally, in 2023, Engage tried to contact Mr P and Mrs H to check who was living at the security address and that their address was up to date, but it wasn't able to speak to them.

Because Mr P and Mrs H weren't getting any correspondence for this mortgage, I think they ought to have been aware that Engage didn't have an up to date address for them. I do think it's primarily Mr P and Mrs H's responsibility to make sure Engage has an up to date

correspondence address for them. And I think that it's because they didn't act more recently to make sure that Engage did have their current correspondence address, that they didn't realise their payments needed to go up substantially in late 2023.

Mr P and Mrs H were still paying towards their mortgage each month, so the mortgage didn't fall into substantive arrears right away. But they weren't covering the whole of the monthly payment, so after a while, they owed Engage more than one monthly payment. Engage has reported the resulting arrears to credit reference agencies.

Mr P and Mrs H said that Engage hadn't complied with its duty to avoid foreseeable harm to them. It's not clear that this duty applied here, because the complaint is about events before 31 July 2024 and this appears to be a closed product – a mortgage which is no longer being sold to customers. But even if this duty did apply here, I would still say that it's not an unqualified duty. It doesn't mean consumers must be protected from all harm. And, as our investigator said, Engage also has a duty to report an accurate payment history to credit reference agencies. Engage gives a commitment to credit reference agencies that it will tell them how its borrowers are maintaining their mortgages. That's part of the agreement it reaches with the agencies to be able to access information on other borrowers. So Engage isn't just choosing to be difficult here. It's complying with a legal duty.

Mr P and Mrs H have told us they are severely affected by this reporting, as they say they can't get another mortgage, which would allow them to downsize to a property more suitable for them. I understand why Mr P and Mrs H want to move home, and I've been very sorry to hear about everything they've faced in the last few years. But the decisions about lending that they're concerned about, aren't decisions taken by Engage. And all that I've been able to see Engage has done here, is to provide accurate credit file reporting. So I don't think that it would be fair and reasonable for me to tell Engage to make changes to Mr P and Mrs H's credit file now.

I know Mr P and Mrs H will be disappointed, but that means their complaint won't be upheld.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr P to accept or reject my decision before 24 January 2025.

Esther Absalom-Gough

**Ombudsman**