

## **The complaint**

Mr M complains about the markers Secure Trust Bank Plc trading as V12 Retail Finance (V12) placed on his credit file.

## **What happened**

For a period, Mr M's correspondence with V12 was handled on his behalf by his wife, but I refer to Mr M as the borrower and complainant in this decision.

Mr M took out a finance agreement with V12 in April 2022. The loan was for £2,029 at zero percent, payable over 24 months. Monthly payments were £84.56.

In 2023, he ran into financial difficulty. He was out of work and suffering from mental illness. The loan fell into arrears and in October 2023, V12 sent a Notice of Default with the arrears then being £489.12. No default was registered at any time.

In November 2023, V12 agreed to a payment plan with reduced payments.

In January 2024, the arrears were £484.6. On 2 January 2024, Mr M emailed V12 and proposed a payment plan. This proposed payments of £5 on 11 January 2024, £138 on 28 January 2024 and £180 on 25 January 2024. This totalled £407 – so didn't clear the arrears.

On 3 January 2024, V12 wrote back to Mr M and asked him why the arrears had arisen; and what his circumstances were.

Between 3 January 2024 and 12 April 2024, V12 sent several requests to Mr M asking for information about his circumstances. No payments were made by Mr M during that time.

By 12 April 2024, the arrears had increased to £846.47. V12 then agreed to a payment plan with reduced payments of £85 (28 April 2024); £96 (30 April 2024), £96 (28 May 2024).

No payments were received.

On 3 May 2024, Mr M proposed a revised payment plan. The arrears were still £846.47. The agreed payments were £102 (30 April 2024); £102 (28 May 2024); and £85 (28 May 2024).

In the proposal, Mr M asked if an amount could be written off.

On 7 May 2024 – Mr M made an offer to pay 30% of the amount outstanding of £844.40 - £253.32.

On 7 May 2024, this was accepted by V12. The settlement amount was to be paid by Mr M by 4 June 2024. Mr M said it would be paid by 28 May 2024.

On 4 June 2024, Mr M said he couldn't pay and asked for an extension. V12 agreed to extend the offer to 28 June 2024.

On 1 July 2024, Mr M said he couldn't make the payment to settle the loan as he had other

commitments to pay. He offered £65 in settlement.

On 1 July 2024, V12 said they'd write off the balance of the loan. The loan was written off in August 2024 and Mr M's credit file marked as 'partial settlement'.

*Mr M complained.* He said the late payment/arrears markers on his credit file in 2024 weren't fair – as V12 had dragged their feet in agreeing to write off the balance of the loan. If they'd acted quicker, the loan would've been written off earlier and the late payment markers not been added. He says the markers should be changed to 'UC' (no information).

*In July 2024, V12 said* the correct procedures had been followed. Reduced payments had been agreed on Mr M's loan. But as no payments had been received, his credit file was marked with that information. But later in 2024, a decision was made to write off the loan as a gesture of goodwill and this was reported to the credit reference agencies (CRAs) as a partial settlement.

Mr M brought his complaint to us. Our investigator didn't uphold it. A marker 'UC' is only used when there is no information. This wasn't the case here as Mr M's account was in arrears. He hadn't seen any evidence to say that V2 caused unnecessary delays.

Mr M didn't agree and asked that an ombudsman look at his complaint, and so it has come to me.

### **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 was sorry to learn of the difficulties that Mr M has gone through over the last year or 18 months. He has been out of work and he sent a doctor's note to V12 in March 2024 which described the health challenges he was facing, and which V12 took into account when deciding to write off the loan.

The crux of Mr M's complaint is that V12 'dragged their feet' in agreeing to write off the loan, and during that time, marked his credit file with late payment markers – during the first half of 2024. He said that if V12 had acted quicker, the loan would've been written off sooner and the markers not added.

I looked at what happened here.

I can see that during the second half of 2023, Mr M ran into difficulties with the payments and fell into arrears on the loan. A payment plan with reduced payments was agreed in November 2023, but this didn't have any effect and the arrears continued to build up.

### *January 2024 – May 2024:*

Mr M said to us that he made proposals to V12 on 2 January 2024. I looked at that and what happened. I can see that on 2 January 2024 – he made proposals to make reduced payments – not to write off the loan. And between then and 3 May 2024, V12 asked for more information about Mr M's situation and his income and expenditure. These were reasonable requests – firms must make sure that any reduced payment plan is reasonable and is

affordable from a customer's point of view - and that it's also reasonable for the firm. This is standard across the finance industry and is what the Financial Conduct Authority (FCA) would expect to see.

I can see that Mr M didn't provide this information and became frustrated at what V12 were asking for. But as I've said, V12 were acting fairly and reasonably in asking for it.

So here, I don't consider that V12 delayed matters by asking those questions – the firm was entitled to ask for the information, and I think the delays were caused by Mr M not providing it.

During this period, Mr M didn't make any payments. And so the loan remained in arrears. V12 have a duty to report accurate information to CRAs, and that's what they did. This information cannot be changed or deleted unless there was an error. And I don't think there was as V12 acted correctly in trying to get information from Mr M about the payment plan he was asked for.

I considered what the effect on Mr M's credit file would've been had V12 been able to agree to a payment plan with reduced payments earlier - say by February 2024. And in that case, it's still likely that Mr M's credit file would've been marked with arrears – as the reduced payments would've been less than the full contractual amount.

*May 2024 – July 2024:*

After the payment plan (with reduced payments) was agreed, Mr M came forward with an offer (on 7 May 2024) to settle the loan by paying off 30% - £253.32. V12 agreed to this the same day - with the condition it was paid by 4 June 2024. In the event, Mr M then asked for an extension to 28 June 2024 – which V12 agreed to. Mr M didn't pay the amount agreed by that date. So – I consider the delay here was due to Mr M not settling the loan within the deadline given.

In the event, on 1 July 2024 - V12 then said they'd write off the balance of the loan instead of accepting 30% of it – which seems to me to have been a reasonable thing to do. This means Mr M's credit file was marked as 'partial settlement' – which is the correct way for V12 to advise the CRAs.

So, in summary – during the period between 2 January 2024 and 4 April 2024, V12 were asking for information about Mr M's circumstances in order to assess the payment plan he was proposing. That was the right thing for V12 to do. And Mr M unfortunately didn't provide it. And during that time, no payments were being made – so V12 correctly advised the arrears to the CRAs.

Mr M made the offer to have the loan written off on 7 May 2024. But in all fairness it was because he then asked for extensions to V12's agreement - which led to the loan being written off later, in August 2024. And I can't therefore hold V12 responsible for that.

Therefore, while I can see that Mr M feels strongly about his complaint, I am not asking V12 to do anything here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 January 2025.

Martin Lord  
**Ombudsman**