

The complaint

Mr and Mrs R complain that when they missed payments to their Buy To Let (“BTL”) mortgage with Godiva Mortgages Limited, it placed adverse markers on their credit files. Mr and Mrs R said this is having a very serious impact, and they wanted the markers removed.

What happened

Mr and Mrs R had a BTL mortgage with Godiva, which was on a fixed interest rate deal due to end at the end of April 2024. They planned to remortgage elsewhere, to secure a better rate, but their plans for this were delayed whilst some legal issues were resolved.

Mr and Mrs R cancelled their direct debit in April 2024, because they expected to be remortgaging imminently. They then didn’t make any further payments to this mortgage from May to July. The arrears were cleared in August, and the remortgage was then completed in September.

Mr and Mrs R said that they’d moved house at the beginning of May, the start of the period when these payments were missed. They said they’d told Godiva about this in late April or early May, but it hadn’t updated their address. So they told us they didn’t receive any letters about missed payments that Godiva may have sent. They felt Godiva hadn’t done enough to keep in touch with them, and alert them to the problems on their mortgage. They said they didn’t know until August. Then they immediately put things right, and paid off the arrears.

Mr and Mrs R say they now urgently need to complete another remortgage, on a different property. The details of this are known to all parties, so I won’t set them out here. But they said they’d discovered Godiva had marked their credit files. That was preventing them from remortgaging, and putting their family’s finances on a sustainable footing. They asked Godiva to remove the negative marks.

Godiva said it writes to customers who are in arrears each month, in line with regulatory requirements, but it said it also attempts to contact customers by phone too. And it said it had spoken to Mr R about this mortgage in late April, in mid-July, and then again at the start of August.

Godiva said it wrote to Mr and Mrs R in April, to tell them their monthly payment would increase when their existing fixed rate deal ended, at the end of that month. It then spoke to Mr R on 30 April. On that call Mr R confirmed his post code, which matched the address Godiva then held on file. Mr R said on this call he had cancelled his direct debit because he’d expected the remortgage to go through quicker. He discussed reinstating it, but decided instead to make a manual payment during May, if the remortgage hadn’t yet completed.

Mr R didn’t make this payment, and the remortgage didn’t go through. So May’s payment was missed. Godiva wrote to the address it held for him on 5 June about this. Because June’s payment was also missed, Godiva wrote again on 3 July.

Godiva said it now understands these letters were going to Mr and Mrs R's old address, but it said it had no reason to believe they had moved at the time.

Godiva spoke to Mr R again on 15 July, when it rang him. Godiva said Mr R was already aware of the arrears. He also knew from this call that Godiva held his old address, and didn't ask to update that. He said he was aware the arrears were affecting his credit rating.

When July's payment was also missed and no payment was made towards the arrears, Godiva rang Mr R again on 5 August. Mr R said then he'd been planning to add the arrears to the new mortgage, but he was now finding that the credit reporting Godiva had done was affecting his ability to increase the amount of lending on this planned remortgage. And it was only on this call that Mr R updated his address.

Godiva said Mr R told it he'd notified it of his change of address between mid-April and mid-May. So Godiva had searched carefully for any evidence of any call from Mr R between 1 April and 14 July when he'd updated their address, but it hadn't been able to find such a call.

Godiva said it reported mortgage arrears to credit reference agencies on a monthly basis, in line with its agreements with these agencies. It said it wouldn't change the reporting now, which was an accurate reflection of the conduct of this account.

Our investigator didn't think this complaint should be upheld. He said he'd listened to the calls Mr R had with Godiva on 30 April, 15 July, and 5 August, and he set out their content in detail. He said Mr R didn't give his new address until the last call, and would have been aware from the content of the two earlier calls that Godiva didn't hold that new address for him. So he didn't think Godiva had done anything wrong by writing to that address.

Our investigator also said Mr R told Godiva in April that he'd cancelled his direct debit, and he expressed the intention to pay May's mortgage payment manually. When Godiva next spoke to Mr R on 15 July 2024, Mr R said he was aware the mortgage was in arrears by "*a few thousand*" and acknowledged that he needed to "*sort that out*".

On 5 August 2024, Godiva spoke to Mr R again, it was then that he gave his new address, and asked if Godiva could remove the adverse reporting from his credit file.

Our investigator said he was satisfied that Mr R hadn't provided Godiva with his new address until August. But, more importantly, he also said Mr R was aware of the arrears position of this mortgage before August 2024. He'd acknowledged the arrears on the call in July, and that call suggests he had understood he was in arrears before the call took place.

Our investigator didn't think Godiva had treated Mr and Mrs R unfairly.

Mr and Mrs R objected to this outcome. They repeated that Mr R had definitely spoken to Godiva earlier and given it their new address. And they said they urgently needed their credit files to be amended.

Mr and Mrs R set out the difficult circumstances they were in at the time that these payments were missed, and said they'd never been in debt before. They said the current position was affecting Mr R's mental health, and they just wanted someone to have a bit of humanity.

Mr and Mrs R said when their remortgage was delayed, they were under the impression that any further payments owed to Godiva would be added to the new mortgage. But they also accept that they then forgot to make further payments or reinstate the direct debit to Godiva,

so fell into arrears. Although Mr R had earlier told us he'd put redirection in place when they moved house, they repeated that they didn't get any of the letters Godiva sent until August.

Mr and Mrs R said they weren't aware of the consequences of an adverse credit file and how this would prevent them from securing a mortgage from other lenders. When they realised, they paid the arrears, but Godiva wouldn't amend their credit files. They set out the consequences this was having for them now, and appealed to our service to assist.

This case was then passed 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. I'm sorry to have to tell Mr and Mrs R that I don't think Godiva has been unfair or unreasonable, and that means it doesn't have to amend their credit files now.

I have listened to the calls that Mr R had with Godiva on 30 April, 15 July and 5 August. Our investigator set out the content of those calls in detail in his view, so I won't repeat that here. But I do think that Mr R was aware of the position of this mortgage throughout.

On the call on 30 April, Mr R was clearly told how to maintain his payments, and when a payment for May needed to be made. Mr R chose not to reinstate his direct debit on that call, and said he would be making a manual payment for May. So I cannot accept Mr R's contention that he had understood all the payments due on this mortgage after April would just be added to the new mortgage he was planning on taking elsewhere.

I also think it was clear from the April and July calls that Godiva didn't hold Mr R's new address. So I don't think Godiva made a mistake by writing to Mr and Mrs R about their arrears at the address it held for them. I don't know why these letters weren't redirected, but if they were not safely received by Mr and Mrs R, I don't think that's Godiva's fault.

Mr and Mrs R have told us more about the circumstances they were in between April and August 2024, so I understand that these payments were missed at a very busy, and in many respects quite upsetting time in their lives. I've been sorry to hear about what they have faced. But it remains the case that they did miss three monthly mortgage payments, and in my view Godiva had done enough to make them aware of the position of their mortgage both before and during this period.

Mr and Mrs R have appealed to Godiva, and to our service, to just lift these marks. But I don't think it would be fair and reasonable in all the circumstances of this case to require Godiva to do that.

As background, a credit file is supposed to be an accurate reflection of the conduct of a customer's account. Godiva didn't, as Mr and Mrs R have suggested, put these markers on their credit file as a form of revenge for them remortgaging elsewhere. And I would not have anticipated that Godiva would have removed the markers if they'd changed their minds, and decided not to move this lending elsewhere.

Godiva made these reports because it's under a legal obligation to give credit reference agencies an honest and frank assessment of how customers are managing their accounts. That's the arrangement that Godiva makes with credit reference agencies, and in return it

can rely on an equally honest assessment by other lenders, of how existing debt is being managed by any customers it's thinking of lending money to. I don't think I can fairly require Godiva to act in breach of that obligation, in this case.

I appreciate that the three missed payment markers on Mr and Mrs R's credit file are having a very significant impact on them now. And I accept what they've said about not realising that this would cause problems with other financial arrangements they've told us they urgently need to make. I'm sorry that I'm not able to help them.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 7 March 2025.

Esther Absalom-Gough
Ombudsman