

The complaint

Mr O complains Western Circle Ltd trading as Cashfloat (“Cashfloat”), unfairly recorded adverse information on his credit file.

What happened

Mr O took a short-term loan via Cashfloat, with repayments to be collected by Continuous Payment Authority each month. Cashfloat couldn’t collect the payment due at the end of January 2024, with Mr O making the payment a few days later.

Upon checking his credit file, Mr O became aware Cashfloat recorded this payment as having been made late. He complained, saying he’d made the payment within seven days of the due date and there were mitigating circumstances behind this, which Mr O shared with Cashfloat. Mr O therefore asked that the late payment marker be removed.

Cashfloat says it has a duty to report data that’s an accurate reflection of Mr O’s payment history to credit reference agencies (CRA’s) and as the payment wasn’t made on time, this is what it’s shared. Cashfloat says it sent reminders before the payment date, then tried to discuss this with Mr O on the day, however, was told it wasn’t a convenient time to speak. It says it then tried unsuccessfully to contact Mr O again in the coming days. So Cashfloat doesn’t agree it’s made an error in the information it’s shared with the CRA’s.

I issued a provisional decision explaining why I thought this complaint should be upheld. I explained:

Mr O doesn’t dispute that he made the payment after the contractually agreed date. Rather he says, due to mitigating factors, it’s unfair for Cashfloat to record the payment as having been made late. He’s also said that as the payment was due at the end of the month, he had less time, than if the payment were due at the start of a calendar month, to avoid it showing as being a month late, which is unfair.

I’d like to thank Mr O for being so open and sharing his circumstances, I’ve not referenced them here as our decisions are published, but I want to confirm I’ve carefully considered what he’s told us.

I’ve reviewed the terms and conditions which Mr O accepted when taking the loan. In the section “consequences of missing payments” the terms set out “...We must report non-payment to credit reference agencies and this may adversely affect your credit rating...”

So, I’m satisfied Cashfloat clearly set out what it would do if payments weren’t made in line with the terms of the agreement.

Cashfloat has explained it updates CRAs within 24 hours of any changes to an account. So regardless of whether the payment was due at the beginning or end of the month, this wouldn’t make a difference in what was reported, as Cashfloat would update the CRAs the day after any payment was due.

So, having not received the payment on the agreed date, I don't think Cashfloat was wrong to report it as having been made late.

However, I've then gone on to consider whether Cashfloat treated Mr O fairly after he made it aware of the circumstances leading to the payment being made late. In testimony to our service Mr O has explained he was in hospital on the day the payment was due. Mr O acknowledges he spoke with a representative of Cashfloat and said he was in a meeting, however due to the delicate nature of the circumstances didn't want to discuss this on the phone at that time or make the representative uncomfortable. Considering the circumstances behind Mr O being at the hospital, I think it's reasonable that he wasn't ready to disclose the reasons during this call.

Mr O has also explained he moved his primary bank account in January 2024 but hadn't had an opportunity to update all his payment instructions before his payment to Cashfloat was due. So, he says the reason the payment failed on the due date was due to funds being in a different account, rather than not having funds available. Mr O says as soon as he was aware the payment was outstanding, he manually made it.

When taking all this into consideration with the events referenced above, I do find Mr O's circumstances to be exceptional. Supporting this, Mr O's credit file shows he maintained all other payments to creditors during this period. So, but for the events Mr O endured in January 2024, I do think he would have made the payment on time - and I'm satisfied Mr O made payment promptly once those events were over.

Therefore, while Cashfloat wasn't wrong to note the payment as being late when it wasn't received on the due date, once Mr O had explained the circumstances behind this, I do think the fair thing for Cashfloat to have done is to have made an exception and removed the late payment marker for January 2024.

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.

Mr O confirmed he accepted my provisional findings. Cashfloat provided further comments reiterating that while it empathised with Mr O's circumstances during this period, it has a duty to report data to the credit reference agencies that's an accurate reflection of Mr O's payment history and as the payment wasn't made on time, this is what it should be reporting so it didn't do anything wrong.

I've taken on board Cashfloat's comments, however as set out in my provisional findings, I think the circumstances were so exceptional, that once Mr O had made Cashfloat aware of the reason behind the payment being made late, it would have been fair to make an exception in the information it reports to the credit reference agencies. This was a one off, unfortunate event outside Mr O's control. Therefore, I think Cashfloat should have amended what it was reporting to the credit reference agencies for January 2024, so that the payment didn't show as having been made late.

As a result, my decision remains that Cashfloat should remove the reporting of a late payment marker to the credit reference agencies for January 2024.

My final decision

For the reasons I have explained above, I uphold Mr O's complaint. To put things right, Cashfloat should ensure that the credit reference agencies remove the late payment marker relating to his loan for January 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 24 February 2025.

Christopher Convery
Ombudsman