

The complaint

Mr P complains that Madison CF UK Limited trading as 118 118 Money recorded incorrect information about his fixed sum loan agreement to credit reference agencies.

What happened

On 27 September 2024, Mr P contacted 118 118 Money to request an arrangement in order to make his September payment in October 2024. He told 118 118 Money he had to pay £549 to renew his professional membership and was awaiting reimbursement from his employer so needed to make his payment later. Mr P is unhappy that despite agreeing to a payment date of 25 October 2024, 118 118 Money then reported this to credit reference agencies as a missed payment, rather than an arrangement to pay.

118 118 Money explained that prior to setting up the promise to pay, its representative informed Mr P the account would fall into arrears and impact his credit file. And as the payment wasn't made on the due date of 30 September 2024 and the account had fallen into arrears, it felt the missed payment had been reported correctly.

Our Investigator didn't uphold the complaint. They thought 118 118 Money had explained the impact the delayed payment would have on Mr P's credit file, and there was no evidence to say he was told the payment would be recorded as an arrangement to pay. They also said having an arrangement to pay or a missed payment on the credit file, would have had a negative impact.

Mr P disagreed. He says, in summary, 118 118 Money hasn't reported the information accurately as he was in an arrangement to pay and therefore the payment should have been recorded as such. He also thinks it "*eluded the truth*" when he sought clarity on whether the payment would be recorded as a missed payment, and he believed the negative information would be removed from his credit file once the payment was made.

As Mr P remained unhappy with the outcome, the case was passed to me to make a 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.

Firstly, I've carefully considered everything both parties have said, if I don't directly reference something in my decision it is not because I've not given this consideration. But I've focused on what I consider to be the crux of the complaint.

Mr P's statement of account shows his payment for £292.93 was due on 30 September 2024. I've seen the webchat conversation Mr P had with 118 118 Money on 27 September 2024. It shows that Mr P wanted to make his September payment the following month, and 118 118 Money set up a promised payment date of 25 October 2024.

Mr P says his September payment should have been recorded as an arrangement to pay on his credit file rather than a missed payment. I've reviewed the relevant rules and regulations including the Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies guidance issued by the Steering Committee on Reciprocity (SCOR), a forum made up of representatives from the credit industry including the credit reference agencies. And I don't think an 'arrangement to pay' applies here.

Principle 3 of the SCOR guidance outlines the following:

- *"Should a temporary reduction in the payment amount be jointly agreed" between the customer and lender, the 'arrangement' will be recorded with credit reference agencies.*
- *"This may also occur if there is a temporary change in terms (that is not part of the product) such as a payment holiday or change to interest only."*
- *"An arrangement may also be provided when a customer has agreed with the lender to make overpayments to clear historic arrears."*

But 118 118 Money hadn't agreed to a temporary reduction in the payment, a payment holiday period or a repayment plan to clear historic arrears. In this case, as Mr P informed 118 118 Money that he couldn't make his September payment on the due date, it allowed him to make the payment within 30 days – which usually prevents any collections activity. So, when 118 118 Money agreed that Mr P could make his payment in October 2024, although I understand it was referred to as a payment arrangement, I don't think it was agreeing to an arrangement to pay, and therefore it wasn't agreeing to how it would be recorded on Mr P's credit file.

I've considered whether 118 118 Money made it clear to Mr P that missing his payment in September 2024 would impact his credit file, and I think it did. When setting up the promised payment date, I note it advised Mr P that the account would fall into arrears and may have a negative impact on his credit file. When Mr P said, *"the account will be in arrangement therefore not a missed payment"*, 118 118 Money explained *"please be aware that setting up an arrangement does not prevent the account from falling into arrears if payment is missed on the original scheduled date."* I appreciate Mr P believed 118 118 Money was referring to the adverse impact an arrangement to pay can also have on his credit file and he feels it *"eluded the truth"*. However, I think the lender did explain there would be an impact for Mr P if he did not make his payment on the due date, irrespective of the arrangement. And I haven't seen any evidence to say, 118 118 Money confirmed it would record this as an arrangement to pay with credit reference agencies.

118 118 Money has shared the information it reported to the credit reference agencies. I can see it shows Mr P was one month in arrears when the September payment wasn't made by the due date of 30 September 2024. Lenders have a duty to report information fairly and accurately to credit reference agencies. And as Mr P didn't make the payment by the due date, I think the information 118 118 Money reported is an accurate reflection of Mr P's payment history. Therefore, I don't think it made an error in how it reported this payment to the credit reference agencies.

And in any event, Mr P's statement of account shows his September payment was received on 26 October 2024 and not the promised date of 25 October 2024, so it seems that he was nevertheless behind with his payments even if I did think 118 118 Money should have recorded an arrangement to pay.

I can also see that Mr P has referred to 118 118 Money telling him *"please also be reminded that whilst your account is in arrears this may also have a negative impact on your credit file,*

and if this is not rectified, any collections activity may escalate and eventually your account may be terminated and defaulted." I understand he believed this to mean that the negative information would be removed once the account was out of arrears by the agreed date. But I don't agree. I think this means that arrears would continue to be reported and if they weren't paid off 118 118 Money would take more formal action to recover the money. Therefore, from what I've seen, I'm not persuaded 118 118 Money has done anything wrong, or suggested that any adverse information would be removed from Mr P's credit file once his payments were up to date.

Mr P has also raised that he didn't receive any correspondence about a missed payment from 118 118 Money. As mentioned above, agreeing a promised payment date often stops collections activity. So I don't think it's unreasonable if 118 118 Money didn't issue any correspondence about the September payment. It knew Mr P was aware of the missed payment and agreed to pay the following month. And I'm satisfied that Mr P was also aware of when he needed to make the repayment as he confirmed the date in the webchat with 118 118 Money.

Taking everything into account, whilst I appreciate this isn't the outcome Mr P is hoping for, I don't think 118 118 Money has acted unfairly so I won't be asking it to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 June 2025.

Tania Henry
Ombudsman