

The complaint

Miss L complains that Next Retail Limited trading as Next ("Next") recorded a late payment marker on her credit file. Miss L says she was unable to secure a mortgage as a result.

What happened

Miss L took out a catalogue shopping account with Next. In February 2024, she spoke to them as she was experiencing financial difficulties which meant she wasn't able to pay the minimum payment due of £237 for that month. Miss L offered to pay Next £100 which they accepted. This meant, in the following month, Miss L was due to pay the arrears of £137 and the minimum payment that was due, this being £237.

Miss L spoke with Next again in March 2024 asking if they could agree to a temporary payment break. Next said they didn't offer this facility and so Miss L said she would pay the £237 the next day and the arrears of £137 next month. She then brought the account back up to date in April 2024.

Miss L complained to Next shortly afterwards as she'd been told by her mortgage adviser that she wouldn't be accepted for a mortgage. Miss L felt this was because of a late payment marker Next recorded on her credit file.

Next didn't uphold Miss L's complaint, so she referred it to our service. Our investigator didn't think Next needed to do anything. He felt they'd acted fairly by recording the late payment marker. And he felt there wasn't enough evidence to show that Miss L was unable to get a mortgage because of this marker.

Miss L didn't agree and said Next had treated her unfairly. So, her complaint has been passed to me for 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.

I'm sorry to hear that Miss L was experiencing financial difficulties, and I thank her for taking the time to refer her complaint to us.

I've considered how Next acted overall when Miss L told them about her financial difficulties.

Next have an obligation to treat customers in financial difficulties appropriately, sympathetically and with forbearance. They also have an obligation to ensure that fair and accurate data about account management is reported on customer's credit files.

I haven't been able to listen to a recording of the telephone conversations Miss L had with Next in February and March 2024, to help me understand what was discussed and understood at the time Miss L rang to discuss her situation and whether there was any reference to how her credit file might be affected. Next has said these recordings are no longer available due to their policy of data retention. Without those recordings, it's not possible for me to say that Next told Miss L her credit file wouldn't be affected by the reduced payments to the account over those months, as she's said. And I think it likely that customers would know that payments that were less than the minimum required for the month in question could lead to an unfavourable marker on their credit file.

As Miss L wasn't able to make the required minimum payment to the account in February 2024 and didn't make up the arrears the following month, I find that Next was entitled to record this on Miss L's credit file as that was an accurate summary of the account at the time. And I've not seen sufficient evidence that Next told Miss L there would be no impact on her credit file.

I also think that Next took reasonable steps to try to help Miss L. Their account history notes show, for example, that they e-mailed Miss L in February 2024 giving her some options such as placing the account on hold for 30 days if she wanted to get advice about her finances and offering to consider a repayment plan for her.

Next's notes also show Miss L told them she didn't want a reduced repayment plan because of the likely impact on her credit file. I can't though see any way that Next should have agreed to accept the payments that Miss L then offered to make, without this having an impact on her credit file.

Overall, I think Next acted fairly and reasonably towards Miss L when she told them she was in financial difficulties.

I do acknowledge that Miss L took proactive steps to address the situation by contacting Next. And I appreciate she may not agree with my opinion on how Next acted, particularly as she feels that the late payment marker affected her ability to get a mortgage. I would say though that, even if I felt Next had acted unfairly or unreasonably (which I don't), I'm not persuaded the late payment marker was the sole reason, or the main reason, why Miss L wasn't able to get a mortgage. I've seen an e-mail from her mortgage adviser which says Miss L needed to reduce her overall debt first before they would consider mortgage options for her. The e-mail does mention that the late payment marker would have an impact, but the adviser did say Miss L's overall indebtedness was a significant factor as well.

So, for the reasons I've set out above, I won't be upholding Miss L's complaint. In closing though, I would just say to Next that our ability to investigate complaints thoroughly may be compromised by their decision to delete telephone calls within three months. I would just ask that they bear this in mind.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 11 September 2025.

Daniel Picken
Ombudsman