

The complaint

Mr R complains that Oodle Financial Services Limited trading as Oodle Car Finance unfairly reported adverse information to his credit file following a voluntary termination of a credit agreement.

What happened

In August 2021 Mr R entered into a five-year hire purchase agreement for a car with Oodle. The monthly payments were around £400pm.

In June 2024 Mr R's financial circumstances changed and in August 2024 he contacted Oodle to discuss voluntarily terminating the agreement and handing the car back. The agent explained that as Mr R had paid more than half of the agreement there would be no ongoing liability once the voluntary termination had been put in place unless there was any damage found on the car that was beyond fair wear and tear. Oodle processed Mr R's voluntary termination and also sent him an email confirming this and that there was nothing further to pay.

A direct debit for the August payment had been due the day after Mr R's call to Oodle voluntarily terminating the agreement. The agent had explained to Mr R that he would not now need to pay this. However, Mr R then received an email about the payment being missed so he contacted Oodle to ensure there wouldn't be any negative information reported on his credit file. The car was handed back in September 2024.

Mr R was unhappy to then receive a payment reminder for the August payment after he had handed the car back. He contacted Oodle about this request.

Mr R says that when he arranged to take out new finance for another car in September 2024, he was charged a higher rate of interest. On checking his credit file, he saw that there was a late payment marker for the month of August recorded on this account.

He complained to Oodle. Oodle upheld his complaint and apologised. It said that there had been an administrative error and his account had been incorrectly marked as being in arrears and not as voluntarily terminated, and that was why there had been the request for the payment. It removed the balance owing and updated the credit reference agencies.

Mr R was unhappy at Oodle's response and complained to this service. He said he wanted his credit file corrected and to receive compensation for the impact the adverse information had had on him. He said the new financial agreement for a car was 5% higher than the one he had with Oodle.

Our investigator recommended his complaint should be upheld. He said that he thought Oodle had acted unfairly as it had recorded adverse information about Mr R's management of this account on his credit file incorrectly. However, our investigator said that as it takes around two months for credit reports to be updated with information, Mr R's credit file wouldn't have been showing the late payment marker when he had applied for the new finance agreement for the replacement car. He said this application had been made around

two weeks after the August payment had been due. Our investigator said a fair settlement would be for Oodle to ensure it had removed the information from Mr R's credit file and pay him £100 as compensation for the distress and inconvenience caused.

Oodle accepted our investigator's view, but Mr R was unhappy at the level of compensation. The complaint was therefore passed 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.

It isn't disputed that Oodle has made a mistake with Mr R's account and that it unfairly recorded adverse information on his credit file. Mr R has provided a copy of his credit file printed in December 2024 which shows the late payment marker.

Mr R is also unhappy that he had requested a copy of the call he had with the agent when voluntarily terminating this agreement but hasn't received it. I've seen that Mr R has made a Subject Access Request to Oodle, if it hasn't complied with this then Mr R may wish to raise that with Information Commissioner's Office (ICO). While I can appreciate Mr R's frustration at not receiving a copy of this call, I don't think my not listening to it has impacted on my decision about his complaint. That's because, as set out above, it's agreed by Oodle this is its error and there was no missed payment on Mr R's account.

Mr R has said that dealing with this matter has caused him distress and inconvenience as well as lost opportunities around credit agreements. He said that the agreement he subsequently took out to replace the returned car was more expensive as a result of this late payment marker.

But, as explained by our investigator, reports from credit companies to the credit reference agencies aren't updated immediately and it generally takes around two months for them to appear on a consumer's credit file. I've seen Mr R entered into a new credit agreement within two weeks of terminating the agreement with Oodle. I've also seen that the interest rate was higher. However, there can be a number of reasons for that, including market conditions, and I'm satisfied that there wouldn't have been sufficient time for any adverse information from Oodle to have appeared on his credit file. So, I can't reasonably say it was this adverse information which meant Mr R had to pay a higher interest rate for the replacement vehicle.

Mr R has also supplied a letter from a company stating that it relies on credit assessments as part of its financial support processes, and that the presence of an unexpected debt on Mr R's credit report had raised concerns about his creditworthiness which meant his access had been limited to financial opportunities within that organisation, which he may otherwise have been eligible for. Unfortunately, I'm unable to quantify what impact this would have had on Mr R and if I can't assess a detriment/financial impact then I can't fairly ask Oodle to provide compensation for any loss of opportunity that may have arisen.

But I accept that finding there was adverse information reported to his credit file when he'd done nothing wrong would have been distressing for Mr R, particularly as he had tried to ensure this wouldn't happen, so I think compensation is appropriate. When looking at the impact on Mr R, I agree with our investigator that £100 is fair and reasonable.

Putting things right

For the reasons given above, I'm upholding Mr R's complaint in that I'm asking Oodle to

ensure the adverse information about this account has been removed from his credit file and to pay him compensation for this error. But I'm not going to ask Oodle to pay Mr R more than £100 compensation for the distress and inconvenience caused by the incorrect information having been reported.

My final decision

As set out above, I'm upholding Mr R's complaint. I'm asking Oodle Services Limited trading as Oodle Car Finance to do the following:

- Remove the adverse information from Mr R's credit file in relation to the missed payment incorrectly applied.
- Pay Mr R £100 in compensation for any distress or inconvenience that's been caused by the incorrect reporting to the credit reference agencies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 May 2025.

Jocelyn Griffith
Ombudsman