

The complaint

Mr S complains that MBNA Limited is unfairly reporting missed payments to the credit reference agencies in respect of a credit card account.

What happened

Mr S had a credit card account with MBNA. After experiencing financial difficulties, Mr S entered into Debt Arrangement Scheme (DAS) in early 2023 with the help of a third party organisation. Mr S has been making reduced monthly payments to his creditors, including MBNA, through a debt payment programme (DPP).

Mr S is unhappy that MBNA has continued to report missed payments to the credit reference agencies (CRAs). After he complained to MBNA, it didn't agree that it had made a mistake. MBNA explained that as Mr S is making less than the monthly minimum payment, it reports the payments as missed payments.

Our investigator didn't uphold Mr S's complaint. She explained that MBNA has a duty to report accurate information to the CRAs. Although Mr S has maintained his agreed repayments through the DPP to MBNA, he is paying less than the contractual minimum monthly repayment amount. So, MBNA has fairly reported this to the CRAs as missed payments.

Mr S disagreed with the investigation outcome. He said he's making the agreed payments to MBNA, so is not missing any payments. Mr S said his other creditors have treated him fairly and sympathetically. It's just MBNA who he thinks is violating the spirit and terms of his DPP.

After considering Mr S's complaint, I decided to uphold it and issued a provisional decision on 29 January 2025, in which I said:

I am minded to agree with Mr S that the reporting of missed payments by MBNA is unfair in the circumstances. I appreciate Mr S has paid MBNA less than the contractual minimum payment each month, but MBNA is not saying that he's missed any payments since entering into the DPP.

The ICO's guidance on the reporting of information specifically says that CRAs must ensure the data they report is accurate. MBNA has supplied evidence which shows that it has been reporting missed payments for Mr S's account. But I don't think this is an accurate reflection of the way he has managed his account. So, MBNA should make allowances for the way it reports the information on Mr S's credit file.

To my mind, the situation with Mr S is more akin to a permanent change in the payment terms agreed by a lender. This is because once he has made all the payments due under the DPP, creditors such as MBNA cannot hold Mr S liable for the debt. So, it is not a temporary arrangement to accept reduced payments. And the ICO guidance on the reporting of arrears where there is a permanent change in payment terms, says that reporting will be against the revised terms.

As Mr S's account with MBNA was in arrears before the DAS was approved, I don't think it would be inaccurate for MBNA to report the arrears which had accrued before the DAS. But I don't consider it fair to report missed payments since Mr S entered into the DPP. This could make it appear to lenders that he wasn't keeping up with his DPP, when this is incorrect.

I also think that MBNA should pay Mr S £100 compensation for the upset and inconvenience caused to him when trying to get it to report his payment history accurately to the CRAs.

Responses to my provisional decision

Mr S accepts my provisional decision but MBNA does not. It says it is reporting to the CRAs that Mr S is in an arrangement. As he is not making the full monthly payment, there are arrears on the account. MBNA says this is not a permanent change and that it has only accepted reduced payments while he is under the DPP.

MBNA refers to the Principles for the Reporting of Arrears, Arrangements and Defaults (which is the ICO guidance I referred to in my provisional decision). It has directed me to an extract from the Principles which says that depending on the period and amount of the arrangement, arrears may continue to be reported.

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 accept that Mr S was in arrears beforehand but MBNA has not disputed that since entering into the DPP, he's made every payment on time.

MBNA's evidence is that it has reported missed payments. If MBNA wants to report arrears on Mr S's credit file – then I don't think that would be inaccurate. But by reporting missed payments each month, it could appear that Mr S isn't making the payments due under his DPP. And this is not a fair reflection of the way he has been managing his account.

I also remain of the view that as Mr S's debt to MBNA is included in the DPP, once it is complete, he will not be liable for it. So, this is not a temporary payment arrangement which will change in the future. Although MBNA has not agreed a permanent change to its' terms by entering into a new credit agreement with Mr S; once the DPP ends, Mr S will not return to making his contractual monthly payments as the debt will have been paid in full.

So, despite what MBNA has said in response to my provisional decision, I still consider it fair to uphold Mr S's complaint.

Putting things right

To put things right, MBNA must:

- Update Mr S's credit file to show that he's made all his payments on time since he entered the DPP in 2023; and
- Pay Mr S £100 compensation for the upset caused to him.

My final decision

My final decision is that I uphold this complaint and direct MBNA Limited to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 April 2025.

Gemma Bowen
Ombudsman