

## **The complaint**

Mrs C complains about Marks & Spencer Financial Services Plc trading as M&S Bank (M&S) in relation to a loan account she took out with it. She says it wasn't clear how they would report the loan value to the credit reference agencies (CRA's).

## **What happened**

Mrs C took out a loan with M&S in April 2024. The loan was for £18,000, however the total amount repayable (including interest and charges) was £25,479.66.

Mrs C says she wasn't aware until she looked at her credit file that M&S would report the balance of the loan to be the full capital and interest and charges. She said that she hadn't experienced this with other lenders. And she says that this has negatively impacted her credit file. Mrs C adds that the information M&S are reporting isn't accurate, as it doesn't represent the amount she borrowed and that it would be inaccurate if she were to repay the debt early.

Mrs C says that if she had been aware of this, then she wouldn't have taken out the loan with M&S and she would have gone to a different finance provider. She says the information M&S are reporting about the loan has affected her financially. Stating that it has affected her ability to obtain products at a lower rate.

M&S responded to Mrs C's complaint, but it didn't uphold it. It said that it had taken on board her comments, but it wouldn't be making a change to how it reports loan accounts.

An Investigator considered what both parties had said, but they didn't think Mrs C's complaint should be upheld. They explained that M&S were reporting the total amount Mrs C had borrowed – which included interest and charges, so they didn't think M&S's reporting of this was wrong.

Mrs C didn't agree with the Investigators view, I have summarised her main points:

- She said that M&S hadn't been transparent in explaining that it reports her balance as including interest, and had it done this, she wouldn't have used M&S for the loan.
- She adds that the loan agreement mentioned the total repayable amount, but it doesn't specify that this amount would appear on the credit report.
- Her credit score has been impacted and as a result, she has made different financial decisions – meaning that she has been using her savings to make purchases as opposed to a credit facility.
- The ICO sets principles requiring data reported to credit reference agencies to be fair, accurate, consistent, complete, and up to date. While the figures may be factually correct, the reporting was not fair or transparent.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

## **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.

Having considered everything, I won't be upholding Mrs C's complaint. I appreciate this decision will come as a disappointment to her, however I will explain my rationale for this below.

For me to be able to uphold Mrs C's complaint, I'd need to be persuaded that the information M&S were reporting about the loan was inaccurate. And I don't think it is. I say this because the loan Mrs C took out had interest and charges applied to it upfront – so while Mrs C took out a loan for £18,000, the total amount she owed under the agreement was £25,479.66. Essentially, this is what she was contracted to repay if she kept the loan to the agreed term. And so, I'm satisfied that M&S are reporting the amount Mrs C owed it under the agreement. I haven't seen anything that suggests the figure it is reporting isn't accurate.

I note that Mrs C says the figure M&S are reporting wouldn't be accurate if she repaid the loan early. But I don't agree with this. The interest was added to the amount Mrs C owed under the agreement, the total she owed included an amount for interest. If she were to repay the loan early, she would receive a refund/rebate of the interest. But that doesn't mean that interest wasn't added to the capital amount when the loan started. So, I'm satisfied that when Mrs C took out the loan, she owed M&S a total of £25,479.66.

Mrs C is right in saying that the loan agreement doesn't explain what figure will be reported to the credit reference agencies. But it does explain the total amount that is repayable under the agreement. I don't think M&S needed to be specific about the value of what it would report, given that it told her how much she owed under the agreement, which was £25,479.66. It was required to report accurate and fair information to the credit reference agencies, and I'm persuaded it has done this by reporting the total amount she borrowed.

Mrs C says that the way M&S has reported this loan has had an impact on her credit file. I've assumed she's saying that her credit file looks as though she's borrowed more than she has. But credit providers, when looking at credit reports, are checking at how credit accounts have been managed and whether any new credit agreements are affordable. So I don't think it unreasonable that M&S report the full amount Mrs C owes as this will help prospective lenders decide whether further lending is affordable or not.

Overall, I can't fairly say that M&S has done anything wrong. And while I have considered Mrs C's comments in relation to the losses she says she incurred, because I can't find M&S has done anything wrong, I can't ask it to take any action to put things right for her.

I note that Mrs C is particularly concerned about her credit score. A credit score is essentially a number that is produced by a credit reference agency to help customers understand how a lender might view their credit worthiness. Lenders don't have access to the score itself, and they just use the data that is being reported. Mrs C does have the option of adding a notice of correction to her credit file if she would like to make it clear that the capital amount she borrowed was £18,000. This note would be viewable to other lenders who are reviewing her credit report. To do this, she would need to contact the credit reference agencies.

## **My final decision**

For the reasons set out above, I don't uphold Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 16 April 2025.

Sophie Wilkinson  
**Ombudsman**