

The complaint

Mrs M complains about the incorrect information Close Brothers Limited trading as Close Brothers Motor Finance ("CBL") reported to the Credit Reference Agencies ("CRAs") in respect of her credit agreement with it. She says its mistakes have affected her ability to secure credit and caused her worry and anxiety.

What happened

Mrs M entered into a conditional sale agreement with CBL in March 2023 when she acquired a used car. The credit provided by CBL was £21,495, and after taking account of her deposit of £500, the total amount repayable under the agreement is £31,629.20. The credit agreement was set up over a 60-month term with monthly payments of £519.00.

Mrs M told us:

- In May and June 2024, she missed her monthly payments due to financial difficulties, but she contacted CBL in July 2024 to reinstate her payments and to agree a payment plan to take account of the arrears that had accrued because of the two missed payments;
- she is aware that the two missed payments will show on her credit file, but CBL has continued to mark her file as though she's missed all her subsequent payments even though she's made them all on time, and at an increased level in accordance with the agreed payment plan;
- its actions have affected her credit file and her life – she's struggled to have a phone contract agreed, and it's causing her significant anxiety;
- she agrees her credit file should indicate two missed payments and therefore two months' arrears, but it's unfair that CBL reports she's still missing payments when that's not the case;
- she raised her complaint with CBL in October 2024, but it's not corresponded with her properly and she didn't receive its *final response letter* until some time after it said it had been sent.

CBL rejected this complaint. It said that because Mrs M's account is still in arrears, it is right that it reports late payments on her credit file every month until the account is brought up to date again.

Our Investigator looked at this complaint and said she thought it should be upheld. And she asked CBL to correct what it reported to the CRAs and pay Mrs M £200 compensation because of the avoidable distress and inconvenience its actions had caused. She explained that Mrs M's credit file showed missed payments for a number of months when payments had been paid both on time and in accordance with the payment plan, and she didn't think this was a fair or accurate reflection of the way in which Mrs M had managed her account.

CBL accepted our Investigator's recommendations in full.

Mrs M disagreed with what our Investigator recommended. She was pleased with the requirement to have her credit file updated to accurately reflect what had happened. But she

said that the level of compensation was insufficient. It didn't go far enough to address the poor communications from CBL when she first raised her complaint with it, and it didn't recognise the stress and anxiety that its mistake had caused and the impact it had had on her.

Our Investigator told Mrs M that she didn't dispute that she had not received CBL's *final response letter*, but it had been sent, and the fact Mrs M had not received it was not something she could hold CBL responsible for.

Mrs M disagrees so the complaint comes to me to decide.

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 taken everything into consideration, I've reached the same conclusions as our investigator, and I'll explain why.

Mrs M was supplied with a vehicle under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

I can see from the statement of account provided by CBL that Mrs M didn't pay her monthly payments due in May and June 2024. Both of these direct debits were rejected; the monthly payment due in May under the credit agreement, and the slightly higher payment in June which was the regular payment plus an amount to address the arrears.

CBL has an obligation to report accurate information to the CRAs. Mrs M missed two payments in May and June, so CBL should report these two payments as being missed, and it can also report the level of arrears.

In July, and every month thereafter, Mrs M made the required monthly payment; the amount due under the credit agreement with an extra amount agreed under the payment plan to cover the arrears that had arisen because of May and June's missed payments. So, CBL can also report that Mrs M's credit agreement is subjected to an agreed payment plan.

So, in summary, Mrs M's credit file should reflect the two missed payments, any arrears on the account, and the fact that the account is being managed by way of an agreed payment plan. But it would not be right for CBL to report any subsequent months as *missed payments* if Mrs M is making the agreed payments in line with the payment plan, just because the account is not yet fully up to date. So I'm going to ask CBL to update the information it's sent to the CRAs so that this shows the missed payments as relating to May and June 2024 only, and that the subsequent months where the agreed payments have been made are no longer marked as being missed.

Mrs M told us about the worry and anxiety CBL's actions have caused and the effect it's had. She says an application she made for a secure loan was declined; she struggled to get a phone contract; and she has had the credit limit on some of her credit cards reduced. But she's not been able to provide any evidence that persuades me that the adverse information wrongly reported by CBL to the CRAs was the *sole* reason that she was declined credit or the *sole* reason that her credit card limits were reduced.

I think it's *more likely* that the accurate reporting of the two missed payments in May and June also had some bearing on what happened. So I can't hold CBL responsible for these

issues. But I am going to ask CBL to pay Mrs M the £200 in compensation recommended by our Investigator in recognition of the worry and anxiety its actions caused.

Finally, I've carefully considered the point Mrs M makes about not receiving CBL's *final response letter* until December 2024, even though it was dated November 2024.

CBL has provided a copy of the *final response letter* it sent to Mrs M, dated 8 November 2024, and I can see the copy letter shows it was sent to the right address; the same correspondence address Mrs M provided to this Service. So although I accept that she didn't receive it until some time later, this isn't something I can hold CBL responsible for.

Putting things right

Because Close Brothers Limited trading as Close Brothers Motor Finance incorrectly reported missed payments for several months, it caused Mrs M avoidable distress and anxiety. Because of this, I'm directing Close Brothers Limited trading as Close Brothers Motor Finance to:

- Correct Mrs M's credit files with the CRAs by ensuring that any payments made since July 2024 in full accordance with the agreed payment plan are reported as being full payments and on time.
- Pay Mrs M £200 in compensation.

My final decision

My final decision is that I uphold this complaint and direct Close Brothers Limited trading as Close Brothers Motor Finance to settle this complaint as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 17 June 2025.

Andrew Macnamara
Ombudsman