

The complaint

Miss M complains that Lloyds Bank PLC recorded adverse information about her loan account on her credit file.

What happened

Miss M held a loan account (loan 1) with Lloyds.

In June 2019, Miss M began to miss her contractual repayments. Lloyds agreed to reduce the monthly repayments. And in September 2019, Lloyds wrote to Miss M to confirm the new payment arrangement in place. The letter went on to say:

“Credit Reference Agencies

While this repayment arrangement is in place, the information we send to Credit Reference Agencies will show the position of this account. This may have an adverse impact on your credit rating.”

In March 2020, Lloyds agreed to reconsolidate loan 1 into a new loan (loan 2). Loan 1 was settled.

In 2024, Miss M discovered Lloyds had reported missed repayments for loan 1 on her credit file. Her Miss M provided a copy of her credit file, which shows her account as in an arrangement to pay from June to November 2019 then in arrears until the account was settled in March 2020.

In June 2024, Miss M had an online chat with one of Lloyds’ staff. Miss M was unhappy she was called by her first name. Miss M swore several times in the online chat, which Lloyds said it ended because she was using abusive, threatening or offensive language after being asked to stop. Lloyds said it would review Miss M’s messages and decide whether to continue providing banking services to her.

Miss M complained to Lloyds about the information on her credit file, and that Lloyds’ staff lacked understanding and sensitivity during the vulnerable period when she made her request for a payment break. Miss M also complained that Lloyds’ staff had addressed her by her first name and threatened to close her account.

Lloyds’s final response of 19 June 2024 says it explained the impact the repayment plan would have on her credit file.

Lloyds issued a second final response on 4 July 2024, which reiterated that Miss M was told about the impact at the time. Lloyds added it granted Miss M three repayment holidays for loan 2 for May, June and July 2020 because of the Covid-19 pandemic. Lloyds went on to say its records did not show any support needs Miss M had made them aware of. Lloyds asked Miss M to get in touch to record any vulnerabilities on its system.

On 5 July 2024, Lloyds apologised for not addressing Miss M's previous request for a telephone call and credited her current account with £30.

Miss M referred her complaint to our service. Our Investigator was satisfied that in September 2019, Miss M was told by phone, and in writing, that an arrangement for loan 1 would be reported to credit reference agencies. Our Investigator was satisfied what Lloyds had reported was correct, so didn't recommend the information be removed. Our Investigator thought Lloyds had handled Miss M's chat in June 2024 reasonably.

Miss M didn't accept our Investigator's opinion, saying the bank had failed to recognise her vulnerability as a customer. So, this has come 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.

Miss M's credit file

The starting point here is that the Information Commissioner's Office sets out that Miss M's credit file must be a true and accurate reflection of the status of her account. So, whilst Miss M says she was vulnerable, Lloyds was still obliged to ensure her credit file was an accurate reflection of the history of her account.

I've reviewed the credit file provided by Miss M. This doesn't show Lloyds recorded any missed payments or payment arrangement for loan 2. Instead, the loan shows as up to date. So, it appears adverse information was only recorded on loan 1 on Miss M's credit file.

Miss M's credit file shows she was in an arrangement to pay from June 2019 until November 2019. From December 2019 to February 2020, the account shows as being in arrears because the account had not been brought up to date. Having listened to Miss M's call with Lloyds on 2 September 2019, Miss M was told an arrangement to pay would be recorded on her credit file. And I'm satisfied the letter of 3 September 2019 made it clear Lloyds would report the position of the account to the credit reference agencies.

However, I accept there's no evidence Miss M was verbally told about the impact to her credit file prior to the arrangement to pay being set up in June 2019. But the terms and conditions of Miss M's 2017 loan set out that missing payments could have severe consequences, including on credit ratings. As I said above, Lloyds was also obliged to record any repayment arrangement or arrears on her credit file. And even if Lloyds had told Miss M a payment arrangement would impact her credit file, she was in financial difficulties and has not shown she was able to make the full contractual loan repayments. Even if no arrangement had been in place, it's likely she would still have arrears recorded on her credit file because Lloyds is obliged to record any missed repayments.

I would not expect Lloyds to remove its record of the repayment arrangement or arrears because they were an accurate reflection of her account. As Miss M is aware, these will be recorded on her credit file for six years. If the adverse information is still showing by March 2026, she should get back in touch with Lloyds.

Lloyds's customer service

I'm sorry to read about how this complaint, and about the health difficulties Miss M has faced, have impacted her. Miss M is unhappy Lloyds did not respond appropriately to her vulnerabilities. Lloyds says it has no additional call recordings from 2019 available other than the ones I have listened to. I think Lloyds's response to Miss M's financial difficulties was appropriate at the time and I didn't hear Miss M raise any other vulnerabilities.

Overall, I have seen no evidence to show Miss M notified Lloyds of any vulnerabilities before 2024. When notified, Lloyds asked Miss M to get in touch so these could be recorded. I think Lloyds's response was reasonable here.

Having reviewed Lloyds's response to Miss M's complaint, I've seen no evidence it's treated her unfairly or unreasonably. Having reviewed Miss M's online chat with Lloyds, I think its agent's responses was professional and reasonable. When Miss M swore and insulted Lloyds's staff, I think the agent's response was entirely appropriate and professional.

I note Lloyds credited Miss M with £30 compensation for not calling her. Given this was a small error, which it fixed quickly, I don't think any further compensation is justified in the circumstances.

My final decision

I realise my decision is likely to disappoint Miss M, but I have not upheld her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 22 May 2025.

Victoria Blackwood
Ombudsman