

The complaint

Mr S complains Creation Consumer Finance Ltd (Creation) failed to remove a late payment marker from his credit file.

What happened

As the facts are well-known to both parties, I've only stated the key events below.

On 9 March 2024, Mr S took out a fixed-sum loan with Creation. Under his loan agreement, Mr S had to pay £28.90 per month for 12 months, for a total of £346.80.

Mr S set up a direct debit to cover these loan repayments. But on 11 March 2024, Mr S accidentally cancelled it, leading to him missing his April 2024 loan repayment.

On 11 April 2024, Mr S received a letter from Creation stating he was overdue by £58.90. This amount included a £30 late payment fee.

Mr S called Creation a week later to explain what had happened. Creation agreed to waive the £30 late fee, confirmed the £28.90 arrears were paid, and reinstated the direct debit.

Mr S realised a late payment marker was added to his credit file after a loan application he made to a different provider in June 2024 failed. He contacted Creation on 14 June 2024 to get the marker removed — the call handler agreed he would try but there was no guarantee.

Creation didn't ask the CRA to remove the marker. In its final response dated 17 July 2024, it said no manual payment was made to cover the April 2024 repayment, leading to a £30 late fee. This fee was later removed on 18 April 2024. Creation also confirmed a late payment was reported to the relevant credit reference agency (CRA).

Creation said it didn't do anything wrong, as it was obligated to report a true and accurate reflection of how Mr S maintained his account to the CRA, and that's what it did.

Mr S said the late payment was due to an innocent mistake that he rectified quickly. On that basis, he feels it was disproportionate for Creation to report the late payment to the CRA, especially as it would negatively impact his credit file for several years. I understand he felt Creation's decision to immediately remove the £30 late fee was indicative of how minor the mistake was. Additionally, he said Creation promised to try to remove the marker, but didn't.

Our investigator looked into his complaint, but didn't think Creation did anything wrong. She accepted Mr S made an innocent mistake that was rectified quickly, but didn't find Creation acted unfairly by reporting the missed payment to accurately reflect what had happened.

She also concluded Creation was entitled to charge the £30 late fee under its terms, and only refunded it as a gesture of goodwill. Additionally, she noted Creation did not guarantee the late payment would be removed from Mr S's file, only that it would try. And following a manager's involvement, it was determined it would not be removed because the late payment resulted from Mr S's mistake, rather than from an administrative error.

As Mr S was unhappy with the outcome, the complaint 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.

I've considered all the available evidence and arguments to decide what I feel is fair and reasonable in the circumstances of this complaint. This includes the relevant laws, regulations, guidance and standards, codes of practice and good industry practice.

After reviewing everything that happened, I've come to the conclusion that there's very little I can add beyond what our investigator has already said. And so for broadly the same reasons as hers, I'm not minded to uphold Mr S's complaint. I'll explain.

There's no dispute Mr S made a mistake and missed his payment. He accepts this was solely his mistake, and not a result of any error by Creation.

It's also clear from Mr S's terms and conditions that Creation is entitled to charge a £30 late payment fee. The agreement also warns him missing a payment could result in his credit rating being adversely affected, and make it difficult to obtain credit in the future.

As our investigator has already detailed the relevant loan terms, which Mr S broadly accepts applied, I feel no need to expand on this further. To be clear, I'm satisfied Creation was entitled to charge a £30 late payment fee and report late payments to the CRA. I also don't find that Creation refunding Mr S a £30 late payment fee, as a gesture of goodwill, has any material bearing on its right to report the missed payment.

The main reason why Mr S has asked for a decision is because despite Creation's right to report a missed payment to the CRA, he believes it was unfair that it did. He argues the marker, which will impact him for several years, is a disproportionate and "draconian" result given he made an innocent mistake that he rectified immediately.

So the key issue for me to determine is whether Creation ought to give special consideration to a missed payment, made innocently and rectified immediately. And in so doing, remove the marker as Mr S had requested.

Our investigator has already stated that data reported to a CRA must be fair, accurate, consistent, complete, and up to date. That is broadly a reflection of what's stated in the Information Commissioner's Office guidance: Principles of the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies. Notably, principle two in the same document also says:

"If you do not make your regular expected payment by the agreed time and/or for the agreed amount according to your terms and conditions, the account may be reported to the CRAs as being in arrears."

Crucially, there's no specific exemption for payments missed innocently, or rectified quickly. So I don't find Creation had to give special consideration to Mr S's missed payment.

Creation has simply followed the correct regulatory guidance, and I don't find that Creation applied that guidance too rigidly. If the effect of the late payment is great, it's an effect from the reasonable decision by Creation to report a late payment.

Regarding Mr S's remaining point about Creation's promise to try and get the marker removed, I don't find Creation acted unfairly here. I agree the agent during the June 2024 said they would try to get the marker removed, but they made no guarantees.

Creation's call notes suggest the agent had explored the possibility of getting the marker removed by raising the issue further. But on review by a manager, it was found Mr S's circumstances didn't fall into the category where removal of the missed payment marker was appropriate. Put simply, Creation may ask for missed payment markers to be removed if they result from Creation's own administrative error, rather than because of a customer's missed payment. But as Mr S genuinely did miss his loan repayment, Creation chose not to proceed further. I don't think that's unreasonable given the ICO's guidance above.

In summary, I don't think Creation's acted unfairly here. It follows that I won't be asking Creation to request any amendment to Mr S's credit file.

I appreciate my decision will disappoint Mr S. I fully understand the reasons for why he thinks the regulations are "draconian" – but it's outside my remit to comment on the fairness of the regulatory rules. He's free to take that issue up with the relevant authorities directly.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 September 2025.

Alex Watts
Ombudsman