

The complaint

Mr A complains that Capital One (Europe) plc reported incorrect information on his credit file.

What happened

Mr A says Capital One reported a missed payment on his credit file in December 2024. He says he has consistently contested this and the damage to his credit file has triggered other adverse consequences including the closure of a recently opened current account and payment arrangements for school fees. Mr A says his Capital One credit card payment didn't go through due to an allegation of fraudulent activity on his current account and errors when using the app. He adds that his credit file now includes multiple alerts such as the one from Capital One and this has caused considerable stress and financial insecurity.

Capital One says that Mr A's direct debit was returned on 3 November 2024 and so a late fee was applied. It says Mr A made a payment via the app on 20 November, but this was lower than the minimum payment required by 5 December 2024 and a further late fee was applied. However, as a gesture of goodwill it refunded both late fees, two interest payments and offered to remove the late payment marker from Mr A's credit file. Following a further call on 24 December 2024, Capital One agreed to reduce the minimum payment required to £0, but this wasn't correctly actioned, and Mr A was paid £25 compensation and £7.65 was returned to him. Capital One accepted there had been miscommunication and confusion and paid Mr A a further £150 for the distress and inconvenience this caused to him. It says this brings the total compensation to £228.44 in relation to the complaint.

Our investigator did not recommend the complaint should be upheld. She considered Capital One had responded fairly to Mr A's complaint.

Mr A responded to say, in summary, that by agreeing to remove the late payment marker, Capital One has indicated that it was incorrectly applied initially and that the cumulative impact of various markers on his credit file could have triggered automatic adverse credit assessment decisions. He said the initial failure of his direct debit was not caused by any neglect on his part, but it was a banking error which Capital One recognised when it refunded fees and removed the marker. Mr A added that it was highly probable that the school's refusal to agree to a payment plan was related to its assessment of his credit file, in which the late payment marker contributed negatively.

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 seen evidence to show that Mr A was late in making his payment in November 2024 and, therefore, I cannot conclude that Capital One made an error when it initially applied a late payment marker to his credit file.

That said, I accept what Mr A says about the reasons for the failed direct debit and I acknowledge he made a payment via the app later the same month. I find Capital One responded fairly to that issue, and the ongoing impact on December's payment, by refunding the late payment fees and interest and offering to remove the adverse marker on Mr A's credit file.

This does not mean that Capital One made errors with its initial actions, but rather it was fair to Mr A for Capital One to make the amendments and that it did so as a gesture of goodwill.

I also consider it was appropriate to award additional compensation for the distress and inconvenience caused by the ongoing miscommunication around the arrears.

With regard to the impact of a single late payment marker on Mr A's credit file, I understand his argument that the impact should be considered as part of a wider picture created by a number of adverse indicators. I have seen the evidence Mr A provided showing the closure of a bank account and the denial of a payment plan for school fees. However, I don't find it is fair to ask Capital One to provide any further compensation for a marker that was correctly applied. Such credit decisions are rarely directly attributed to a single marker, especially when Mr A has also confirmed that he had other adverse markers and his bank account was being investigated for alleged fraudulent activity.

Based on everything I've seen, I'm satisfied the redress already provided by Capital One is fair and reasonable and in line with our usual awards in this area.

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 A to accept or reject my decision before 12 June 2025.

Amanda Williams
Ombudsman