

The complaint

Mr M complains about an incorrect credit file marker in relation to a car that was supplied through a hire purchase agreement with Marsh Finance Limited (MFL).

What happened

In February 2019, Mr M acquired a vehicle through a hire purchase agreement with MFL. The cash price of the car was £5,669. A deposit of £100 is listed so the total amount financed on the agreement was £5,569 payable over 59 repayments of £144.75 and final repayment of £154.75.

In August 2024, Mr M complained that his credit file was showing a default that was registered in June 2023. He said he wasn't aware of the default as no correspondence was issued to him. He said the credit reference agencies (CRA) had conflicting information about the number of late payments and believed the end date of the agreement on his credit file was incorrect as he'd had a six-month payment extension.

Mr M added that when he spoke to MFL to make a payment around June 2025, he wasn't informed about the default.

To resolve the matter Mr M said he'd like the default and negative effect on his credit file to be removed.

In September 2024 MFL issued their final response to Mr M's complaint which they didn't uphold. In summary, they believed the default was correctly registered and that the details of the agreement were correct as the payment deferral didn't extend the term of the loan, but deferred the payments to the end of it.

Unhappy with their decision, Mr M brought his complaint to our service where it was passed to one of our Investigators to look into.

The Investigator recommended that Mr M's complaint should not be upheld. The Investigator concluded that MFL acted fairly in the circumstances as they informed Mr M about the arrears on his account and that a default was to be added.

Mr M didn't accept the Investigator's assessment and responded to say the correspondence was never received by him, he believed the forbearance he received had extended the term of the agreement, the contact from MFL was inadequate and the reporting across the CRA's were inconsistent.

However, as the further information didn't change the Investigator's opinion, Mr M asked that his complaint be referred to an ombudsman for a final 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.

Firstly, I acknowledge what Mr M has shared about the personal difficulties he's experienced over the past few years and I'm sorry to hear about this. I recognise this would have made things more difficult for him. If he hasn't already done so, Mr M may decide to seek further support from recognised organisations. Further information about this can be found on our website at the following address: <https://www.financial-ombudsman.org.uk/accessibility/additional-support>

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

In his complaint to MFL, noted in emails to MFL during August 2024, Mr M complained about:

- the default showing on his credit file
- the date the account ended should show as August 2024 rather than May 2024
- the discrepancy in CRA's late payment information

In September 2024 MFL issued their final response to the complaint addressing the issues raised by Mr M. However, following the Investigator's assessment Mr M raised further issues relating to a lack of communication from MFL during 2022 and 2024, confusion over the forbearance he received on his agreement, and the difference in amounts recorded on his credit file for his arrears.

My focus on this decision will be the issues raised to MFL in relation to the final response they issued in September 2024. Mr M may decide to raise any additional complaint points with MFL in the first instance, which will give them an opportunity to investigate and resolve them for him. Following this should Mr M remain unhappy with MFL's response, he may decide then to bring it to our service for further investigation.

The Consumer Credit Act 1974 (CCA) is relevant in this case. It requires a lender to give borrowers notice of sums in arrears where there are at least two missed payments under the agreement. MFL advised in their final response that they issued arrears correspondence to Mr M in advance of the default action.

I've reviewed the correspondence provided by both parties and can see that MFL wrote to Mr M in February 2021 and in February 2022 and March 2022, advising that the agreement was in arrears and that he may be issued with a default notice which could result in the termination of the agreement. In consideration of the rules set out in the CCA, I'm satisfied MFL were acting fairly when they issued the arrears correspondence.

In addition, the CCA also requires businesses to serve notice on a borrower before they can become entitled to take certain actions, including terminating an agreement or recovering possession of any goods. I could see that MFL issued a default notice to Mr M in February 2023, advising his agreement may be terminated if he failed to repay the arrears on it by a certain date. This led to the termination of Mr M's agreement.

Having considered the circumstances leading up to the default, I'm satisfied that MFL were acting fairly. They've notified Mr M in writing about the potential consequences of not keeping up to date with repayments and gave him the opportunity to make a payment arrangement with them.

In his correspondence with MFL, in August 2024, Mr M acknowledged the late payments on his account, offered an apology for them and provided some personal context as to why they occurred. I'm satisfied that Mr M was aware of the situation and state of the arrears. The correspondence from MFL about the arrears on his account an address that is consistent with what is noted on our records, so, despite Mr M advised he hadn't received them, I've no supporting evidence to consider that this would have been the case.

Under the rules of the CCA, I'm satisfied that MFL fairly recorded a default and missed payments on Mr M's credit file.

Mr M said that he didn't think the end date of the agreement was recorded correctly, however, I'm satisfied from the information provided by MFL, that the nature of the forbearance provided to Mr M at the time did not extend his agreement but deferred the repayments. This isn't unusual when forbearance is given by lenders in the form of payment deferrals, in similar circumstances.

Mr M also raised concerns about the default still showing on his credit file despite it being settled in November 2024. He also said that when checking his credit file the credit information changes. The recording of credit information is a regular occurrence, so It's not unreasonable that some information on it may appear to be updated. In addition, defaults tend to remain in place for six years from the date of their registration. Mr M's default was registered in June 2023, so I'm satisfied that it would still be visible on his credit file.

Mr M also raised concerns about conflicting information recorded on his credit file in relation to amounts. MFL advised that they'd contact the CRAs to ensure the information is consistent across their agencies, so I think this is reasonable. However, Mr M may decide to raise a further query with MFL or with individual CRAs' if he considers some of the information they hold about him is inaccurate or incorrect.

As I've concluded that the default and its information was fairly applied to Mr M's credit file I don't require MFL to take any action in respect of this complaint.

My final decision

My final decision is that I don't uphold Mr M's complaint about Marsh Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 October 2025.

Benjamin John
Ombudsman