

The complaint

Mr I complains that Madison CF UK Limited trading as 118118 Money ('118') didn't report his credit card payment arrangement fairly to the Credit Reference Agencies ('CRAs') and he'd like this to be rectified.

What happened

In April 2024 Mr I spoke with 118 and agreed to make reduced payments of £20 towards his credit card for a period of six months.

Mr I later complained that 118 had reported arrears to his credit file when he'd kept to the terms of his arrangement and had been assured this wouldn't happen.

118 didn't agree that they'd promised not to report arrears and confirmed their credit reporting was in line with their process. But 118 accepted they hadn't sent Mr I a notice of sums in arrears when they should have done, and paid Mr I £100 compensation to recognise this.

Mr I referred his complaint to the Financial Ombudsman Service but our investigator didn't uphold his complaint. Our investigator didn't find any evidence that 118 had promised not to report the arrears and concluded that 118's reporting to the CRAs was fair and accurate.

Mr I said the arrangement should be reported but not missed payments, and 118's reporting didn't mirror what other lenders had done on his credit file in similar situations. He asked for an ombudsman to review this complaint, which is how the matter came 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.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having reviewed the submissions and available evidence from both parties I have decided not to uphold Mr I's complaint for broadly the same reasons as those reached by our investigator. I'll explain why.

The Information Commissioner's Office ('ICO') gives guidance to firms reporting arrears arrangements and defaults. The ICO 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."

“Depending on the period and amount of the arrangement, arrears may continue to be reported. Such temporary arrangements may last for some time but are generally expected to revert to the contracted terms at some future point. For such accounts arrears may continue to be calculated in accordance with the contracted terms.”

“If, due to financial difficulty, your lender agrees a reduced or revised payment with you, this will be reflected on your credit file...It is important that you are made aware, when such an arrangement is made and maintained, that it will show on your credit file and that whilst arrears may accrue and increase a default will not be recorded.”

Given the ICO's guidance, I don't think it was unfair or inaccurate for 118 to report that minimum payments were being missed while the arrangement was in place. This doesn't mean the arrangement was in arrears, rather that the original contract was not being kept to and a temporary plan had been agreed.

I'm also satisfied that Mr I was informed that the arrangement would likely have a negative effect on his credit file. I've listened to the long call between the parties on 6 April 2024. Mr I was read a disclosure statement by 118's agent which confirmed that while the account was in an arrangement Mr I would need to make manual payments, collections activity would be suspended, and regulatory letters would still be issued. Mr I was also informed that while his account was in arrears this may have a negative effect on his credit file.

I've also seen a copy of 118's arrangement confirmation letter and this said *“while your account is in arrears we will report information about your payment arrangement to the CRAs, this could have a negative effect on your credit file...”*

I acknowledge Mr I's concern his credit file isn't showing the arrangement, only the missed payments. It may assist Mr I to know that not all CRAs present the information they receive the same way, and this is not something 118 can control. I've checked the information 118 supplied to the CRAs and I can see that they reported the arrangement alongside the missed minimum payments, which I think was accurate.

118 accepted they should have sent Mr I a notice of sums in arrears when he had missed three minimum payments. 118 identified this didn't happen because of how the arrangement was set up. I don't think this error affected Mr I's credit file. And I think 118's payment of £100 compensation to recognise their error was fair here.

In these circumstances, I don't think Mr I has been treated unfairly by 118 and I won't ask 118 to take further action.

My final decision

For the reasons I've outlined, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 29 July 2025.

Clare Burgess-Cade
Ombudsman