

The complaint

Mr H is unhappy that Marks & Spencer Financial Services Plc, trading as M&S Bank, reported a late payment to his credit file.

What happened

Mr H has a personal loan with M&S. In August 2024, the direct debit loan payment for that month failed. Mr H called M&S soon afterwards and made a manual payment for that month. Mr H also asked M&S's agent to reinstate the direct debit, which the agent said that they would. However, M&S's agent failed to reinstate the direct debit, meaning that no direct debit was in place to make payments to the loan.

Because there was no direct debit in place, this meant that the monthly loan payment for the following month – September 2024 – wasn't made. M&S called Mr H shortly after the payment was missed and explained that the loan was in arrears and that no direct debit was in place. However, Mr H couldn't continue the call, and so M&S couldn't go through the direct debit reinstatement process with him, meaning that it remained the case that there was no direct debit set up to make payments to the loan. Mr H then made a manual payment to the loan, by bank transfer, a few days later, which cleared the missed payment and brought the loan back to the correct position.

Similar events took place the following month, in October 2024, with the scheduled loan payment being missed because no direct debit was in place. Mr H spoke with M&S a few days later and explained that he'd tried to reinstate the direct debit online but had been unsuccessful. M&S's agent offered to reinstate the direct debit with Mr H on the phone, but Mr H again declined. Mr H then made a manual payment a few days later to recover the position of the loan. And, in the absence of a direct debit being in place, Mr H continued to make manual loan payments over the following months.

In December 2024, Mr H asked M&S for a redemption figure for the loan, which was provided to him verbally on that call. Mr H called M&S again several days later and asked for the loan redemption figure to be provided to him in writing. M&S's agent promised to send the redemption figure to Mr H by post but failed to do so.

In January 2025, Mr H didn't make a manual payment towards the loan, and while he did later make a payment to clear the missed payment, he did so over a month after the January 2025 payment had been due. Because of this, M&S considered Mr H to have made the January 2025 payment late and reported it as such to the credit reference agencies ("CRAs").

Mr H wasn't happy that M&S had reported a late payment to his credit file, and he felt that M&S should have reinstated his direct debit which would have meant that he wouldn't have missed the payment, or should have sent him the loan redemption quote in the post in December 2024 as he had requested, which would have led to him paying off the loan so that no payment in January 2025 was required. So, he raised a complaint.

M&S responded to Mr H but didn't feel that they'd done anything wrong in how they'd administered his account, including the late payment that they were reporting to the CRAs.

Mr H didn't agree, so he referred his complaint to this service.

One of our investigators looked at this complaint and liaised with Mr H and M&S about it. During their review, M&S reconsidered their position on this complaint and acknowledged that when Mr H first spoke with them in August 2024, their agent hadn't reinstated his direct debit as they had said they would.

M&S apologised to Mr H for this, via this service, and offered to pay £75 to him as compensation for any trouble or upset this may have caused. However, M&S felt that Mr H had several later opportunities to reinstate his direct debit but didn't do so, and because of this M&S continued to feel that their reporting a late payment to the CRAs was fair.

Our investigator also felt that Mr H could and reasonably should have set up a direct debit once he became aware that his direct debit hadn't been reinstated by M&S, and they felt M&S's offer of £75 for not reinstating the direct debit in August 2024 was fair. Additionally, our investigator didn't feel that M&S not providing a loan redemption quote in writing to Mr H in December 2024 could fairly be considered as a significant factor to Mr H not making his January 2025 payment. Because of this, our investigator didn't uphold Mr H's complaint.

Mr H wasn't satisfied with the view of this complaint put forwards by our investigator, so the matter was escalated 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.

In his recent correspondence with this service, Mr H has provided information about a medical diagnosis received by one of his immediate family members. I can appreciate that such a diagnosis may have been preceded by a period of assessment, which may have been distressing to Mr H and his family. I can therefore understand how it may have been the case that Mr H might not have been focussed on his M&S loan, given the events that may have been unfolding during the time period in question.

However, as an impartial party, I have to note that M&S weren't told by Mr H of the difficult personal circumstances he was experiencing. As a result, M&S weren't able to take these circumstances into account or consider what support they might be able to offer to Mr H. And, ultimately, it's the responsibility of a loan account holder to ensure that payments are made to the loan every month, in accordance with the loan schedule.

It's often the case that an account holder will set up a direct debit to ensure that the contractually required loan payments are made on time each month. But an account holder's responsibility to ensure that payments are made to a loan remains in place regardless of whether a direct debit is in place or not.

In Mr H's case, when he spoke with M&S in August 2024, I'm satisfied that it was reasonable for him to have left that call with a belief that M&S would reinstate his direct debit for him. However, I would also have expected Mr H, as the loan account holder, to have later confirmed with his bank that a direct debit was in place for his loan, before the next payment, in September 2024 became due.

Importantly, when Mr H spoke with M&S again in September 2024, with the payment for that month having been missed, he was told by M&S that no direct debit for the loan was in place. At that time, having been given that information by M&S, I'm satisfied that the onus was with Mr H to have ensured that monthly payments for the loan were made on time. And

if Mr H wanted those payments to be made by direct debit, then I feel that it was his responsibility to have found the time to reinstate his direct debit with M&S.

But Mr H didn't reinstate his direct debit, despite offers from M&S to do so with him while he was on the phone with them. And by not doing reinstating his direct debit, I feel that Mr H should fairly be considered responsible for any loan payments that were made late, such as the January 2025 payment, and that those late payments should fairly be reported as such to the credit reference agencies. And I confirm that I feel this way even in consideration of the difficult personal circumstances that Mr H may have been experiencing. Indeed, if Mr H was adversely affected by family events at that time, it can be argued that there was a greater importance in ensuring that an automatic payment method, such as a direct debit or a standing order, was in place.

Mr H feels that by not providing a loan redemption figure to him in writing in December 2024, that M&S didn't enable him to repay the loan in full that month, such that a January 2025 payment would not have been required. But M&S did give Mr H a loan redemption figure verbally in December 2024, and I feel that if Mr H had wanted to pay off the loan that month then he could have done so.

I also feel that the fact that Mr H didn't make the January 2025 payment suggests that he may not have been able to make that payment, which further suggests that he might not have been able to have fully repaid the loan the previous month. And I feel this possibility is supported by the fact that Mr H required further loan redemption figures on 8 and 24 January, neither of which were utilised by Mr H.

Crucially, Mr H's loan was in place in January 2025, and Mr H didn't make a payment to the loan that month. This means that Mr H's payment was late. And, as explained, I'm satisfied that it was Mr H's responsibility as the account holder to have ensured that the contractually required monthly loan payments were made on time.

Mr H could have achieved this by reinstating a direct debit, but didn't do so. And he also didn't make a manual payment to clear the missed payment in the timeframe required to avoid the late payment reporting on his credit file. And because of this I'm satisfied that M&S reporting a late payment to the CRAs for January 2025 is accurate and is not unfair. And again, I take this position even in consideration of the difficult personal circumstances that Mr H may have been experiencing at that time.

All of which means that I won't be upholding this complaint or instructing M&S to take any further or alternative action here. I realise this won't be the outcome that Mr H was wanting, but I hope that he'll understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

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

Paul Cooper
Ombudsman