DRN-5627043

The complaint

Mr S complains that Tymit Ltd unfairly recorded late payment markers against his credit file, after he had entered into a payment arrangement with them.

What happened

Mr S holds a credit card account with Tymit. The account was opened in 2021 and has a current credit limit of £4,500.

In late 2024, Mr S experienced some payment difficulties and entered an arrangement with Tymit. He requested that for six months, his repayments be reduced to £50 per calendar month, and he asked that his interest and charges be frozen.

Tymit agreed to Mr S's request, and Mr S began to repay the £50 monthly. However, in early 2025, Mr S discovered that his credit file was reflecting these payments as missed. So, he complained.

Tymit responded. They said that the credit file was correct, as it showed that he was not making his 'contractual' repayments, but instead, making payments in line with a temporary arrangement.

But Mr S argued that this was unfair. He said he accepted that an arrangement would be present on his credit file, but he said that there should be no missed payments showing, as he was making the payments agreed under the arrangement on time, which he felt amounted to a variation of the contractual payments.

Unhappy with Tymit's response, Mr S brought his complaint to our service.

An investigator considered Mr S's complaint, but didn't recommend it be upheld. He said, in summary, that he thought Tymit were right to record the payments made under the arrangement as missed payments, as they were a temporary arrangement, rather than there being a change to his contractual terms, and it was his contractual payments that were not being met.

But Mr S remained unhappy, and raised several points, including that he felt Tymit had breached Consumer Credit Sourcebook (CONC) principles – specifically CONC 7.6.3R of the FCA Handbook; that they had damaged his credit file, and they had failed to make clear the consequences of the arrangement.

So, the case has now been passed to me, an Ombudsman, 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'd like to say firstly that I understand this seems to have been a distressing time for Mr S, and I'm sorry he's found himself in this position.

Mr S has set out his position at some length, and I'd like to pass on my thanks to him for the level of detail he went into in providing this information, but I've not commented on each and every point raised. Instead, I've focussed instead on what I consider to be the crux of the matter. I hope Mr S won't take that as a discourtesy, but our role is to be an informal service and my approach here is simply to align with that purpose.

Looking at the concerns Mr S has raised, the crux of the matter is that Mr S is unhappy that both an arrangement, and missed payments, are being reflected on his credit file. He feels that the missed payments should be removed.

Mr S, has, by his own admission, accepted that a payment arrangement should be showing on his credit file. And he has provided screenshots showing the arrangement has been registered. So, my decision won't focus too much on this element, as it's accepted by all parties that an arrangement was in place; other than to say that I'm satisfied an arrangement being registered was the right step for Tymit to take here.

I've gone on to consider whether or not I think it was fair for Tymit to report missed payments to Credit Reference Agencies (CRAs) in addition to the arrangement Mr S had in place, given he was keeping to the terms of said arrangement.

The Information Commissioner's Office (ICO) sets out the principles for the reporting of arrears, arrangements and Defaults at CRAs. So, I've considered these principles when deciding this complaint.

The key section to consider here is section 3, titled:

> ***"3. If you offer or make a reduced payment, how it is reported will depend on whether it is agreed with the lender."***

It sets out the following:

> "***Agreed reduced or revised payments***
>
> *If, due to financial difficulty, your lender agrees a reduced or revised payment with you, this will be reflected on your credit file. How revised or reduced payments are shown on your credit file will depend on whether it is a temporary or permanent change to the agreement. The account may or may not be in arrears at the time of the change.*
>
> *Should a permanent change in the payment terms be agreed by the lender, there will normally be a new agreement signed and the revised terms will be reported going forward.*
>
> *This may mean that a new limit, account and/or term is shown on your credit file and performance will be reported against that going forward.*
>
> *As long as you comply with the revised terms, arrears will not accrue further or be shown although any arrears reported under the previous terms will stay on your credit file.*
>
> *Should a temporary reduction in the payment amount be jointly agreed between you and your lender, this 'arrangement' will be recorded at the CRAs.*

This may also occur if there is a temporary change in terms (that is not part of the product) such as a payment holiday or change to interest only.

An arrangement may also be provided when a customer has agreed with the lender to make overpayments to clear historic 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.

The record must show that the account is the subject of special terms. The reporting of this fact may be different depending on the product and the CRA."

While I won't cover every point above, I think several of these are relevant here.

Mr S has argued that in accepting a reduced monthly repayment of £50, he accepted that this would be a contractual change to his repayments.

However, the evidence I've seen does not show that a permanent or formal change to Mr S's contractual terms had taken place. Rather, Mr S, by his own admission, said that he approached Tymit to look to reduce his monthly repayments to £50 for a period of six months.

Equally, the principles above, set out that in circumstances where a permanent change has been put in place (which this wasn't as it was agreed for six months), a new agreement would be signed and the new terms would be recorded on Mr S's credit file. In this case no new agreement was signed, and no new terms were recorded, so I'm satisfied that there was no permanent change to Mr S's original contract.

This is further supported by Tymit's comments, where they explained to Mr S that:

"This repayment plan has been set up on a review basis meaning we may get in touch with you in a few months for an update and to check if the agreed plan is still affordable".

I think this further supports the fact that this plan was only temporary and under review.

Furthermore, if Mr S's actual contract had changed, there would be no need to even report an arrangement (which Mr S accepts was in place), because payments would be being paid in accordance with the new contract.

As I'm satisfied this was a temporary arrangement, and was therefore recorded on Mr S's credit file (which Mr S does not contest), the next issue for me to deal with is whether or not Mr S's account should also show as being in arrears, and reflect missed payments.

When Tymit wrote to Mr S in November 2024, following commencement of the repayment arrangement, they said:

This repayment plan will show on your credit file as an arrangement to pay which may impact your ability to obtain credit in the future."

I accept that Tymit could have potentially gone into further detail as to why this might affect Mr S's ability to obtain credit; that being that his account would remain in arrears and it would show creditors that the payments being made towards the agreement were not being met in line with the original contract, presumably as a result of financial difficulty.

But the ICO's guidance on reporting of arrears sets out:

> "*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."*

So, the guidance here I think is clear, that arrears may continue to be reported. In addition, the nature of an arrangement, generally speaking, is something that is put in place when a customer hasn't been able to - or is currently unable to - maintain their contractual repayments moving forward, creditors are generally aware of this.

So, given that I'm satisfied that there was no contractual change to Mr S's terms; and that Mr S was not maintaining his account in accordance with the contract - and was rather, making payments towards it in line with a temporary arrangement - I don't think it was unreasonable for Tymit to record that his contractual payments were being missed. And I've not seen anything to suggest that Mr S's credit file reflecting missed payments, in addition to the arrangement, is impacting him more negatively as a result.

So, while I appreciate it would have been helpful for Tymit to be more explicit in its communications, to set out that missed payments would continue to be reflected on Mr S's credit file, I don't think they were wrong to report the account as such, in the circumstances.

Mr S has argued that other lenders are not recording his arrears in such a way. But I can't speak for what other lenders may or may not have done.

Mr S has pointed out that under CONC 7.6.3R of the FCA Handbook, a firm must treat customers with appropriate forbearance and due consideration where financial hardship is present.

While CONC 7.6.3R specifically relates to circumstances where a customer is making payments under a continuous payment authority (CPA) - and in this case Mr S was making his payments via standing order - I accept his point about a business's responsibilities when it comes to forbearance when in financial hardship.

CONC 7.3.4R sets out that:

> *"A <u>firm</u> must treat <u>customers</u> in or approaching arrears or in default with forbearance and due consideration."*

It then sets out examples of this in CONC 7.3.5G. These include, in certain circumstances, but are not limited to, suggestions such as suspending, reducing, waving or cancelling further interest and charges. Allowing possible token repayments, deferment of arrears, or for a period, accepting reduced payments or no payments, or possibly refinancing agreements.

There is no mention in the relevant section of CONC for a business to stop recording accurate information with CRAs, or a requirement for them to report that an account is being paid in accordance with the terms, when reduced payments have instead been accepted.

To the contrary, on this occasion, Tymit has supported Mr S by agreeing to freeze interest and charges, and it has accepted reduced payments for a period of time. So, I've not seen any evidence to suggest that Tymit have failed to comply with the rules and guidance set out in CONC, rather, the evidence suggests that they have acted in line with them.

So, while I appreciate this will likely come as a disappointment to Mr S, for the reasons set out above, I don’t think Tymit have treated Mr S unfairly by reporting missed payments to CRAs while under an arrangement. And therefore, I won’t be upholding his complaint.

My final decision

My final decision is that I do not uphold Mr S’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 18 July 2025.

Brad McIlquham
Ombudsman