DRN-5627527

The complaint

Ms W complains about how Topaz Finance Limited trading as Heliodor Mortgages has reported her mortgage to credit reference agencies.

What happened

Ms W has a Together mortgage with Heliodor. Together mortgages were originally offered with Northern Rock, and consisted of a standard mortgage loan, and a linked unsecured loan offered alongside it at the same interest rate and over the same term. This allowed borrowers to borrow more than the value of the property when the mortgage and unsecured elements were added together.

When Northern Rock collapsed, Ms W's mortgage and loan were transferred to the nationalised successor lender. More recently, they've been transferred to Heliodor which is therefore now Ms W's lender. The mortgage and loan have been in arrears for some years.

Ms W has made several complaints about her mortgage and loan over the years. Since the last time the Financial Ombudsman Service looked at a complaint, Ms W has complained again to Heliodor. It issued a final response dated 11 April 2024, dealing with the following complaints:

- How Heliodor had reported the mortgage and loan to credit reference agencies over the last five years.
- A payment of £112.16 added to the unsecured loan rather than the mortgage.
- Contact from Heliodor regarding the unsecured loan.

Ms W didn't bring that complaint to the Financial Ombudsman Service. She complained again to Heliodor in late 2024, and it issued a further final response dated 27 December 2024. Ms W complained that Heliodor hasn't recorded her payments correctly, which in turn has impacted her credit file and meant she's struggled to obtain other finance. It shouldn't have reported that she was in arrears when she was making the agreed payments. She also complains that Heliodor has given her inconsistent information about the level of her arrears.

Heliodor accepted that a letter it sent on 1 November 2024 combined the arrears on both the mortgage and the unsecured loan into a single figure – even though other letters had separated out the arrears on the two loans. It said that the figures should have been separated on this letter too, and it accepted that this had caused Ms W confusion and upset.

Heliodor said that it had agreed an arrangement for Ms W to pay £500 per month from July to September 2024 on the mortgage only. But it hadn't recorded the arrangement as starting until August. And when Ms W paid the agreed £500 it apportioned that across the mortgage and unsecured loan instead of applying it just to the mortgage as agreed. This meant that its system treated the arrangement as broken and reported that to the credit reference agencies, when that wasn't in fact the case and Ms W had kept to the arrangement as agreed. But it said it had not agreed that it wouldn't make any report while Ms W made the payments agreed under the arrangement. It had an obligation to report the correct position of the accounts and – subject to the amendments it had made – that is what it had done.

Heliodor said that it had amended Ms W's credit file to show that she was in an arrangement from July to September 2024 as agreed, and that from October onwards there was no arrangement in place. And it offered £200 compensation for the upset and inconvenience caused.

Our investigator said that he couldn't consider anything about how Heliodor had reported Ms W's mortgage and loan to the credit reference agencies before April 2024, because Ms W had made a previous complaint about that which she hadn't referred to us in time. He said that since then Heliodor was reporting the accounts correctly – now that it had amended the arrangement for July to September 2024. He said it wasn't unreasonable that Heliodor didn't agree to extend the payment arrangement from October onwards. And he thought £200 compensation was a reasonable offer.

Ms W didn't accept that. She said that the earlier complaint shouldn't be treated as out of time. She had contacted us as soon as she was able to. She had various medical conditions which meant she wasn't able to refer her complaint to us any sooner. She struggles with paperwork and reading and doesn't have systems like Heliodor – so it's not fair to hold her to the same standard.

Ms W said that the three different credit reference agencies all show different things. They show that she is six months in arrears – which has been the same for some time. But the mortgage went into arrears because of a coronavirus payment deferral, which Heliodor was not supposed to treat as arrears. She had previously been in other payment arrangements which it hadn't reported. And it's not fair that Heliodor continues to pursue her for the unsecured loan.

I've already issued a decision dealing with my jurisdiction to consider this complaint, in which I explained that I can't look at anything dealt with in the April 2024 final response – because that is out of time – or anything that Heliodor has not yet had the chance to consider. What follows is my decision on the merits of parts of the complaint I can look at.

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'm sorry to hear of Ms W's difficult circumstances. I've looked very carefully at everything she's said and at all the evidence. As I've explained in my jurisdiction decision, I can only consider how Heliodor has reported her mortgage and loan to the credit reference agencies since April 2024.

But Ms W has been in arrears for some years. The information I have goes back to the start of 2020, and no payments were made from then until mid-2021. Ms W did then begin to make payments, but generally less than the amount due, so the arrears continued to increase. In 2022 and 2023 payments were made only sporadically. From 2024 onwards Ms W has generally made the monthly payments due on the mortgage (but not the unsecured loan), plus a small amount to reduce the arrears.

There are three main credit reference agencies. Lenders send the same information to each, but each displays it in slightly different ways. Heliodor is not responsible for what the agencies choose to show or how they show it, but it is responsible for providing the agencies with accurate information.

Credit file reporting isn't based on whether payments are missed or not in any individual month. It's based on the overall cumulative arrears position.

In any given month, what Heliodor sends the agencies is the following four pieces of information:

- The month.

- The total amount by which a loan is in arrears – this is not a monetary value, but a multiple of the monthly payment. For example, if a borrower misses two monthly payments then the report is "2". And if they miss half of four monthly payments, the report is also "2" – because half a payment missed four times is equivalent to two full payments missed. The maximum number is "6", which therefore means that a loan is in arrears by the equivalent of six or more monthly payments. If the total arrears amount to the equivalent of ten monthly payments, for example, then even if the borrower pays in full that month and also pays off a month's worth of arrears, the lender will still report "6" – because the payment made reduced the arrears from the equivalent of ten months to the equivalent of nine, which is still more than six in total.

- The payment status – this is a two letter code. "OK" means the loan is up to date, "AA" means it is in minor arrears, "BB" means it is in significant arrears, and "AR" means that it is in arrears but an arrangement to pay is in place. Again, this reflects the overall situation not the payment that month. So if a loan was in longstanding arrears and no arrangement was in place, the report would be "BB" even if the borrower made the full payment due that month.

- The total balance currently outstanding.

After Heliodor corrected its reporting following its response to her complaint in December 2024, Ms W's credit file now shows, in respect of the mortgage:

- April 2024 – 6, AR, 64314

- May 2024 – 6, AR, 64289

- June 2024 – 6, AR, 64248

- July 2024 – 6, AR, 64223

- August 2024 – 6, AR, 64323

- September 2024 – 6, AR, 64282

- October 2024 – 6, BB, 64116

- November 2024 – 6, BB, 63961

- December 2024 – 6, BB, 63819

The unsecured loan shows "6" and "BB" throughout, because the arrangement ("AR") was in respect of the mortgage only.

I'm satisfied this is correct. It shows that Ms W was in an agreed arrangement to pay her monthly payment plus £16 between March and September, but that Heliodor did not continue the arrangement beyond September. It shows that, in total, she was more than six months in arrears throughout that period. And it shows that the balance was reducing slightly each month because Ms W was paying the amount due plus the £16 agreed arrangement.

Heliodor has not treated Ms W as being in arrears because of her coronavirus payment deferral. That period was not treated as arrears. It's reporting "6" not because of that, but because all the other missed payments mean that the mortgage is, in total, in arrears by more than six monthly payments.

I don't think it was unfair that Heliodor refused to extend the arrangement beyond September. The arrears have been outstanding for a very long time. It's positive that Ms W was by now in a position to make the full monthly payment, meaning the arrears were no longer growing. However, there also needs to be a way to get things back on track, meaning that the arrears would need to be cleared by, at most, the end of the mortgage term. A payment of £16 per month was not enough to do that, so Heliodor wouldn't accept it as a longer term arrangement to resolve the arrears position. But any payment Ms W can make to reduce the arrears, however small, does improve her overall position so she should keep paying what she can.

Finally, Heliodor offered Ms W £200 compensation for the confusing letter which combined the arrears on the mortgage and unsecured loan, and for incorrectly reporting there was no arrangement in place between July and September 2024 – which, as I've set out above, it's since corrected. I think that's a fair offer which reflects the impact on Ms W, taking into account the steps Heliodor took to correct things.

My final decision

My final decision is that Topaz Finance Ltd trading as Heliodor Mortgages should pay Ms W £200 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 28 August 2025.

Simon Pugh
Ombudsman