

The complaint

Mr R complains that MI Vehicle Finance Limited trading as Mann Island ("MIVFL") incorrectly reported a late payment marker on his credit file.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In January 2025, Mr R was thinking about financing a car. Upon checking his credit score, he was surprised to see it was lower than he was expecting it to be. Having checked his credit report, he noticed that MIVFL had been reporting a late payment since April 2021, when his previous finance agreement with them had been unwound and settled.

Mr R complained to MIVFL. He said their inaccurate reporting on his credit file had affected him financially over the previous four years and had prevented him from applying for credit as he had a health condition that heightened his fear of rejection, amongst other things. MIVFL accepted they'd applied the late payment marker in error in April 2021, and offered Mr R £50 compensation.

Mr R brought his complaint to our service. As part of his complaint, he said that MIVFL had re-added the agreement onto his credit report in March 2025. He also said that he'd told MIVFL not to send correspondence to the address they had on file for him, but they had continued to do so. Our investigator upheld Mr R's complaint, and asked MIVFL to pay him a further £300 compensation – bringing the compensation to £350 in total.

Mr R didn't agree. He said the impact on him over the previous years had been far greater than usual inconvenience, and he felt he'd been deprived of opportunities to secure credit at more preferable rates because of the late payment marker. He wanted much more in compensation.

As Mr R didn't accept, the complaint has been passed 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.

When considering what's fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

There is no dispute here that MIVFL incorrectly reported a late payment marker on Mr R's credit file when it unwound his agreement in 2021. MIVFL have accepted that and offered Mr R some compensation. So, all I need to decide on in this decision is the impact the incorrect reporting may have had on Mr R, and whether the level of compensation suggested by our investigator, and accepted by MIVFL, is reasonable. In this case, I'm satisfied it is. I'll explain why.

Mr R has said that he thinks MIVFL's incorrect reporting on his credit file has led to him missing opportunities to obtain credit at more favourable rates. He's also said that the two credit offers he did accept in 2021 came with, what he believes, higher interest rates than he would normally have been able to take advantage of. He puts this down solely to MIVFL's late payment marker. However, he hasn't been able to show that MIVFL's error was the sole reason he was only offered the interest rates he was. Lenders take many different things into account when deciding who to allow credit facilities to, and at what rate. For me to conclude the rates offered to Mr R were uncompetitive purely because of what MIVFL were reporting, I'd have to be satisfied that it was only MIVFL's reporting that was the sole reason no other credit options, with better rates, were made available to Mr R. I would need to see something from any prospective lenders that confirmed the reason any credit was declined, or offered at less preferable rates, was explicitly down to the credit reporting error made by MIVFL. Without that reasoning and explicit information, I can't hold MIVFL responsible for any credit options Mr R was able to take advantage of, or the interest rate which was made available to him. As Mr R doesn't have anything from the lenders that confirm the rates were provided to him solely because of MIVFL's credit file reporting, or anything to show what rates he would have been able to take advantage of, I can't conclude MIVFL have any responsibility for the rates Mr R chose to accept.

Mr R has also said that he spent some time during 2023 and 2024 tidying up his credit report, and he was surprised that his credit score didn't improve as he was expecting. He has said that his health condition means that any rejection, including financial rejection, can trigger significant emotional distress and inconvenience. This prevented him from applying for most forms of credit due to that fear of being refused and any subsequent emotional impact that would have on him. He has attributed those missed opportunities to MIVFL's incorrect reporting on his credit file.

I'm really sorry to hear about Mr R's condition, and I can appreciate why he felt the way he did at that time. But I can't conclude it was MIVFL's inaccurate reporting that stopped Mr R from applying for any credit in 2023 and 2024 – he wasn't aware of any errors with MIVFL's reporting on his credit file until, by his own admission, January 2025. I've noted that his credit file shows other adverse information from other lenders from mid-2021. That adverse reporting will also have contributed to Mr R's overall credit score, and it's possible that was the reason why his score wasn't improving as he was expecting it to during 2023 and 2024. But, irrespective of that, I can't put Mr R's reluctance to apply for credit during 2023 and 2024 down to MIVFL and their credit reporting inaccuracy. I'm not persuaded that was the reason Mr R didn't apply for the credit, as the error from MIVFL wasn't known to Mr R at the time.

Mr R has also mentioned MIVFL re-added an entry onto his credit file in March 2025. MIVFL haven't been able to offer an explanation for that, and that is regrettable. I've considered that when considering the total amount of compensation I think Mr R should receive.

Similarly, he has mentioned that he told MIVFL in January 2025 not to send anything to the address they had on file for him, as he no longer lived there. But MIVFL continued to send correspondence to that address, which caused Mr R anxiety when having to go and collect it. But Mr R didn't provide MIVFL with an alternative address, and it's likely they would have needed to send certain correspondence to him by post rather than by email – and without an alternative address they had no option than to continue to send that correspondence to the address Mr R had provided when he took out his agreement with them in 2020.

I know this decision will come as a disappointment to Mr R. I have no doubt that the incorrect reporting by MIVFL on Mr R's credit file played a part in his applications for credit, but I'm not persuaded, from what I've been provided with, that it would have been the sole reason why

any applications would have been declined or offered at a higher rate of interest. I just haven't got anything conclusive to persuade me. However, it's clear the situation has caused Mr R considerable distress. No amount of money can change what's happened and I need to point out that I'm unable to award for long-term health issues as a consequential loss. These are known as claims for loss of amenity. If Mr R considers there is a wider claim in relation to his health here, then before accepting any decision by me he might wish to take appropriate legal advice as to how my award (and his acceptance of it) might impact any other claims he might be considering.

But the compensation I'm awarding is in line with what's awarded where the impact of the mistake has caused considerable distress, upset and worry. MIVFL must pay Mr R a total of £350 compensation to reflect the considerable distress their credit reporting error has caused him.

MIVFL have previously offered Mr R £50, but it's not clear if that has been paid or not. For the avoidance of doubt, my award of £350 includes the £50 already offered, so if MIVFL have paid it to Mr R already, they only need to pay an additional £300 to settle this complaint.

I'd like to remind Mr R that he's free to reject this decision if he feels he can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I uphold this complaint. MI Vehicle Finance Limited trading as Mann Island must:

- Pay Mr R a total of £350 compensation to reflect the distress he's been caused by having an incorrect late payment marker on his credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 October 2025.

Kevin Parmenter
Ombudsman