

The complaint

Miss H complains that Volkswagen Financial Services (UK) Limited (t/a Audi Financial Services) ("VFS") didn't administer her account correctly resulting in her credit file being adversely affected.

What happened

Miss H entered into a hire purchase agreement in 2016 for a term of 49 months for a new car, but the agreement was settled early in 2017. Miss H says the reporting to her credit file wasn't accurate and this mistake has affected her credit worthiness and caused her problems. Miss H told us:

- Her account with VFS was settled in 2017, but on her credit files there's still reference to the account being open;
- she had no history of any missed payments, but she's being refused credit from mortgage lenders and credit card companies, and this had prevented her from being able to access low interest products;
- it's affected her ability to remortgage her existing buy-to-let portfolio, and it's limited her ability to access affordable utility deals;
- she's complained about problems with this account before and had been reassured that the matter had been resolved.

VFS upheld this complaint. It said it was sorry for what had happened and the stress and inconvenience it had caused, and it confirmed that any adverse markers had been removed from Miss H's account. VFS said it had provided confirmation to the credit reference agencies that the account was settled and it had received confirmation that updates had been actioned.

VFS told this Service that it had experienced issues with credit file reporting, and despite a number of attempts to correct things, it had not been successful. Because of this, it had now decided to simply delete any reference to the account altogether with each of the credit reference agencies. And it increased its offer of compensation from £150 to £400. It said it had already paid Miss H £300 and would like to offer an additional £100 to bring this complaint to a close.

Our Investigator looked at this complaint and said he thought that the offer from VFS was fair and reasonable in the circumstances of this complaint. He explained that although Miss H's account with VFS had shown as "*open*" on one of the credit reports, rather than "*settled*", the balance on the account was £0. He confirmed that this had now been corrected – VFS had deleted any reference to the hire purchase agreement from Miss H's credit files.

Our Investigator said that VFS' offer was fair and in line with how this Service would have recommended resolving this complaint, if VFS had not made a settlement offer.

Miss H didn't accept our Investigator's opinion. She said that although she acknowledged that the credit file had been amended, £400 "*does not adequately address the wider and prolonged impact their repeated errors have had on my life*". Miss H said that this matter had

affected her ability to access mortgage and credit products and because of this *“a more substantial compensation offer is warranted...to ensure [VFS] takes the necessary steps to prevent similar distress for other consumers in the future”*.

Miss H she said her efforts to resolve the matter had affected her time, finances, and mental wellbeing, and she wanted compensation that fairly reflects her experience due to VFS' repeated failings. She said she was seeking compensation in the region of £10,000.

Because Miss H disagrees, the complaint comes 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 hope that Miss H won't take it as a discourtesy that I've condensed her complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Miss H should note, however, that although I may not address each individual point that she's raised, I have given careful consideration to all of her submissions before arriving at my decision.

First of all, I need to explain that this Service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the Regulator; in this case the Financial Conduct Authority (“FCA”).

My role is to look at problems and concerns experienced by an individual consumer and determine whether, or not, the financial business – in this case VFS – has done anything wrong. And, if it has, I'll seek to put the consumer back in the position they would've been in if those mistakes hadn't happened.

Having considered all the evidence and testimony from both Miss H and VFS afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Miss H is a regulated consumer credit agreement, this Service is able to consider complaints relating to it.

It seems that despite a number of previous complaints about her experiences and the incorrect data on her credit file, VFS didn't do what it needed to do to correct things. So although the reporting was correct in respect of at least one credit reference agency, it was incorrect in respect of another. And I've seen a copy of the report that confirms this.

Instead of showing that Miss H's credit agreement with VFS had been settled in full, the credit report indicated that the account was still open, albeit with a £0 balance. VFS suggests there were data issues, resulting in the account appearing 'open' rather than 'settled'. So I'm pleased to read that it found a way of resolving the matter, even if it did have to resort to deleting the records of the account.

I've next considered the compensation that VFS should pay to Miss H. I understand Miss H's position – she identified an error on her credit file caused by VFS, and it wasn't corrected as quickly as it should've been. And I empathise with her when she talks about the impact this

error may have had on her ability to take out further credit and the financial losses she's incurred because she couldn't access competitive mortgage rates or was declined for credit.

But I also have to take into consideration that VFS has apologised for its failings; it's corrected Miss H's credit file; and it's offered £400 in recognition of the poor service it provided. And although Miss H has provided this Service with lots of correspondence and documentation, I've seen no evidence that she was offered less competitive interest rates on her mortgage portfolio or had an application for credit declined because of this mistake. Taking all this into consideration, I'm satisfied that £400 compensation is fair and reasonable in the circumstances of this complaint.

I know that Miss H will be disappointed with the outcome of her complaint, but I hope she understand why I've reached the conclusions that I have.

Putting things right

Volkswagen Financial Services (UK) Limited (t/a Audi Financial Services) has offered £400 compensation in recognition of its incorrect reporting to the credit reference agencies. I understand it has already paid Miss H £300. So I direct Volkswagen Financial Services (UK) Limited (t/a Audi Financial Services) to pay an additional amount to Miss H, so that the total compensation paid is £400.

My final decision

My final decision is that I uphold this complaint and require Volkswagen Financial Services (UK) Limited (t/a Audi Financial Services) to fairly settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 September 2025.

Andrew Macnamara
Ombudsman