

Complaint

Mr M complains that Commsave Credit Union Limited (“Commsave”) is unfairly reporting adverse credit information about him to credit reference agencies.

Background

Mr M is complaining about a loan that Commsave provided to him in December 2022. The loan was for £7,200.00 and was due to be repaid in 60 monthly instalments of £207.19.

In May 2023, Mr M complained that Commsave had irresponsibly provided this loan, as well as nine other ones, to him. That complaint was referred to us at the end of May 2023 and this culminated in a final decision being issued by myself on 7 February 2024. Mr M accepted his final decision shortly after it had been issued.

I do not need to set out the content of my final decision of 7 February 2024 in any great detail. The important matters to note are that I upheld Mr M’s complaint about his eighth, ninth and tenth loans. Loan ten was outstanding at the point Mr M complained and at the time of my final decision and I directed Commsave to limit the total amount Mr M had to pay on this loan to the amount he was lent. I also said that Commsave needed to reduce the amount Mr M had to pay by the amount of any compensation due on loans eight and nine. It’s my understanding that these adjustments have been made.

In April 2025, Mr M made a further complaint to Commsave about loan ten¹. Mr M said that Commsave was unfairly reporting adverse information against him. In the first instance, he believed that my final decision of 7 February 2024 required Commsave to remove the adverse information it had recorded. But even if it didn’t, it was unfair to report adverse information in relation to a loan that it is accepted shouldn’t have been provided to him.

Commsave didn’t uphold Mr M’s complaint. It said that the adverse information it reported, was in relation to payments that had been missed since it had settled my final decision of 7 February 2024 and so it wasn’t appropriate to remove it. Mr M remained dissatisfied and referred his complaint to our service.

Mr M’s complaint was subsequently considered by one of our investigators. She thought that Commsave hadn’t acted unfairly or unreasonably and therefore she didn’t recommend that Mr M’s complaint be upheld. Mr M disagreed with the investigator’s assessment and asked for an ombudsman to review his complaint.

As a result, his complaint has been passed to me to decide.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and

¹ To be clear, I’m aware that Mr M has made other complaints regarding activities relating to this loan prior to April 2025 but these matters are being considered separately.

reasonable in the circumstances of this complaint.

Having carefully considered everything, I'm not upholding Mr M's complaint. I'll explain why in a little more detail.

I think that it would help for me to start by setting out that as our investigator has correctly pointed out our service does not have the power to enforce a final decision. It is a matter for a complainant to exercise such rights through the appropriate channels. So we cannot consider a complaint that purely relates to whether a firm has complied with a final decision.

That said, I don't think that Mr M's complaint solely relates to whether Commsave complied with my final decision. I say this because there appears to be no dispute that when Commsave processed Mr M's settlement, it in any event removed the adverse information it may have recorded on this loan up until this point.

This was despite the fact that my final decision did not require Commsave to take any action in relation to any adverse information on Mr M's active loan, unless the adjustments required resulted in the balance being cleared. In other words, no longer owed Commsave anything after all adjustments were made.

Mr M did have a balance that he was required to pay. Nonetheless, Commsave decided to remove any adverse information it had recorded about Mr M's loan up until the point of settlement. As this is the case, I'm satisfied that Mr M's current dispute centres on the adverse information Commsave has since recorded about this loan since my final decision was settled.

As I understand it, Mr M missed his September 2024 payment. Mr M was contacted about this payment shortly afterwards and Mr M said that the reason he missed his September 2024 payment was because his salary for the month was lower due to illness. Commsave provided Mr M with a one-month payment holiday, which Mr M was allowed one a year of under the terms and conditions of his loan. After a substantial amount of back and forth, Mr M subsequently brought the account up to date and no adverse was recorded against Mr M at this point.

However, Mr M subsequently went on to miss payments in February 2025 and March 2025. As a result of this, Commsave reported that these payments were missed to credit reference agencies. Mr M says that Commsave recording adverse information against him does not reflect the fact that I upheld his complaint that he shouldn't have been provided with this loan.

It's fair to say that we'd typically expect a lender to remove any adverse information reported about a credit agreement, from the borrower's credit file, where a complaint is upheld for irresponsible lending. However, such amendments can only take place where it is possible for a lender to also accurately report the balance that still may be due.

I know that Mr M is unhappy with adverse information being reported has referred to the impact this has had on him. But there is no dispute that Mr M has missed payments to an amount that he still owes even after his complaint for irresponsible lending was upheld. And Commsave has a duty to report accurate information. I therefore can't see how it is possible for Commsave to remove any adverse information in these circumstances. It can't report that Mr M has missed no payments on his loan when he did miss the payments in question.

I think that accurately recording information is particularly important as a lender will rely on a customer's repayment record in order to decide whether to provide further credit to them. I wouldn't expect a lender to report that a customer has made payments when they have not

been made, which is what Commsave would have to do in order to remove adverse information in this situation.

Indeed, Commsave taking such action here would mean that other potential lenders would be unaware of the fact that Mr M missed that payments he did and wouldn't be able to take this into account in any assessment of what he may be able to afford and any decision to lend to him.

It's likely that this would result in Mr M being lent further funds as his repayment record to his existing credit would be made to look better than it actually is. In these circumstances, I think that Commsave removing any adverse information relating to these missed payments from Mr M's credit file would be counterproductive and arguably not in Mr M's best interests, or those of any potential lender.

I accept that all parties now accept that Mr M shouldn't have been provided this loan. And as I've previously explain, our typical approach is to tell a lender to remove any adverse credit information recorded in such circumstances where it is possible to do so. So if and when Mr M repays the outstanding balance, he believes that any adverse information should be removed, this is a matter that he can take up with Commsave at that stage.

For the sake of completeness, I wish to be clear that as I can only make a decision based on the position as it is, not a hypothetical position that could exist at some undefined point in the future, I make no direction regarding whether any adverse information should be removed if and when the loan is repaid. This is a matter that will need to be considered on the facts and circumstances if and when this happens.

Overall and having carefully considered everything, I'm not upholding this complaint. I appreciate that this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained above, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 September 2025.

Jeshen Narayanan
Ombudsman