

The complaint

Mr A is unhappy with how Plata Finance Limited are reporting his personal loan to the credit reference agencies ("CRAs").

What happened

Mr A took out a £25,000 personal loan with Plata. When he reviewed his credit file, he was expecting Plata to be reporting the capital balance of his loan – i.e. an initial amount of £25,000 which would then reduce with each payment he made.

However, Mr A found that Plata had 'front loaded' all the interest that would become due on the loan and were therefore reporting a much higher outstanding balance for the loan. Mr A wasn't happy about this, so he raised a complaint.

Plata responded to Mr A but didn't feel they'd done anything wrong and noted that their reporting of the outstanding balance as a combination of capital and interest was in line with industry guidance. Mr A wasn't satisfied with Plata's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Plata had treated Mr A unfairly as he felt was the case and so didn't uphold the complaint. Mr A remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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.

The loan agreement for Mr A's loan shows that Mr A borrowed £25,000 along with interest totalling £14,574.09 to be repaid over a 60-month term – so that Mr A would repay a total of £39,574.09 over the full term of the loan. And it is this combined figure of £39,574.09 that Plata are reporting to the credit reference agencies as being the outstanding balance for the loan.

This doesn't seem unreasonable to me. When Mr A took the loan, he received £25,000 from Plata but owed them £39,574.09 as a result. This is the amount that Mr A must repay, and so it makes sense to me that Plata would report that amount to the CRAs, because it provides a clear and accurate description of Mr A's outstanding debt to Plata.

Furthermore, in reporting the outstanding loan balance in this way, Plata are in accordance with relevant industry guidance issued by the Information Commissioner's Office ("ICO"). Specifically, the ICO's 'Principles for Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies', which, under the section 'Current Balance', states as follows:

"This information relates to the amount owed at a given point in time.

It may be made up of a combination of the amount borrowed, interest and charges depending on the terms of the product."

Mr A feels that the fact that Plata would report his outstanding balance in this way should have been made explicit by Plata in the loan agreement. I've reviewed the loan agreement, and while I feel it would have been preferable if this point had been clearly stated or explained, I note that the agreement includes the following:

"Interest will be calculated on the amount of credit on the date [of the loan agreement], and for the duration of this agreement taking into account the repayments that will be made."

This statement describes the process of front-loading loan interest, which is what Plata have done and why they are reporting the outstanding balance as consisting of both capital and interest, about which Mr A complains. Notably, there is nothing in the loan agreement that explains that Plata wouldn't do this or would only report the capital balance. As such, I feel it was for Mr A to have confirmed this point with Plata before he took the loan, if it was a potential point of concern.

Finally, it also must be noted that Plata's approach to reporting capital and interest as the outstanding balance isn't unusual. It's an approach taken by many loan providers. To reiterate, given that loan providers such as Plata have an obligation to make accurate reports the CRAs, and given that Mr A does owe Plata the combined capital and interest amount as per the loan agreement, I don't feel that Plata have acted unfairly here as Mr A contends.

All of which means that I won't be upholding this complaint or instructing Plata to take any further or alternative action here. I hope that Mr A will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 December 2025.

Paul Cooper
Ombudsman