

The complaint

Mr N complains that Marks and Spencer Financial Services Plc trading as M&S Bank ("M&S") returned payments that he made to his loan account and reported arrears to the credit reference agencies.

What happened

Mr N holds a loan account with M&S.

Mr N missed a payment in September 2024 due to his Direct Debit being returned. When Mr N tried to make a manual payment to clear the arrears the payment was returned.

Mr N contacted M&S four times on 16 October 2024 in response to a text message asking him to contact them about his missed payment. The agent tried to provide Mr N with alternative ways to pay his account, but the call was disconnected.

Mr N missed a further payment in November 2024.

M&S reported arrears to the credit reference agencies for November 2024 showing 2 payments in arrears.

Mr N raised a complaint with M&S. He said it was difficult to understand which digits to enter when making payments to the account and when he'd called, he'd been unable to understand the advisers and get through the security questions. Mr N also explained to M&S that he had hearing difficulties. He asked M&S to amend his credit file.

M&S didn't uphold the complaint. In its final response it said it was unable to explain why Mr N's bank had returned two Direct Debit payments in September and November and said that Mr N would need to contact his bank about this. M&S explained that when Mr N had tried to make a manual payment, he hadn't used the M&S details quoted or the reference number. It provided details of these for Mr N and said his hearing impairment had been noted on its systems. M&S said it would continue to report the missed payments on Mr N's credit file.

Mr N remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. She said M&S should pay compensation of £50 for the customer service issues that Mr N experienced when he tried to contact M&S. In relation to the missed payments, the investigator said these weren't due to an error by M&S and that the arrears had been reported correctly to the credit reference agencies.

Mr N didn't agree. He said M&S had made it unclear which numbers to use which had delayed his payments reaching them and caused negative entries to be made on his credit file. Mr N also said that M&S had imposed an unfair limitation by not providing channels other than telephone to contact them.

Because Mr N didn't agree I've been asked to review the complaint.

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 know it will disappoint Mr N, but I agree with the investigator's opinion. I'll explain why.

Missed payments and credit file impact

I've reviewed the history of the account. Mr N had a Direct Debit set up to make monthly payments to his loan account. The Direct Debits for September 2024 and November 2024 were returned unpaid.

I haven't seen any evidence to suggest that M&S was responsible for the Direct Debits being returned unpaid. This is something that Mr N will need to query with his bank. The more common reasons for a Direct Debit being returned unpaid are insufficient funds in the account when the payment was due, cancellation of the Direct Debit instruction or incorrect bank details on file.

M&S – like all providers of credit – are under an obligation to report accurate information to the credit reference agencies. M&S has confirmed that it reported two missed payments to the credit reference agencies to reflect the fact that Mr N had missed payments in September and November. Based on what I've seen, I'm unable to say that M&S has reported the arrears incorrectly, so I'm unable, to ask them to amend Mr N's credit file.

Mr N has said that the entries on his credit file were due to M&S being unclear about which reference number to use when making a manual payment. I've thought about this. I've reviewed the loan agreement. This shows the account number as a 16-digit number with several zeros. I've reviewed the loan account statements. These show the account number as a 10-digit number without any additional zeros. I've also reviewed the M&S website. This states that the loan account number is a 10-digit number.

Whilst I appreciate that Mr N may have been caused some confusion by the presence of additional zeros on the loan account number shown on the loan agreement, I'm not persuaded that this had anything to do with his Direct Debit payments being returned unpaid in September and November, which was the reason for the missed payment and adverse reporting on Mr N's credit file. Once the Direct Debit payment had been returned, the payment was treated as late. Even if Mr N hadn't been confused about which digits to quote when making a manual payment, this wouldn't have made any difference to the reporting on his credit file, because the payments had already been missed.

Taking all the available information into account, I haven't found any evidence to suggest that M&S was responsible for the missed payments or that it has made an error in reporting the missed payments to the credit reference agencies. Therefore, I won't be asking M&S to amend Mr N's credit file or do anything further in relation to this aspect of the complaint.

Customer Service and Phone Calls

I've listened to the available calls between M&S and Mr N. There are four calls on 16 October 2024 and a call on 24 October 2024.

In the first call dated 16 October 2024 it's clear that the advisor misheard Mr N's postcode details and couldn't locate the account. In the second call Mr N asked to speak to a UK

advisor, but the call was dropped. In the third call Mr N was asked for his account details but couldn't provide these. He was placed back in the queue and put through to a different advisor but again couldn't provide his account number. In the fourth call, the advisor located Mr N's account using his postcode and explains that the Direct Debit can't be attempted again but that there are alternative ways to make a payment. At this point, Mr N ended the call.

In the call dated 24 October 2024 the advisor explained the alternative ways to make a payment and offered to take a payment from Mr N over the phone. Mr N asked the advisor to send him an email with payment details. I can see that an email was sent to Mr N the same day.

Having listened to the calls, I agree with the investigator that the second call and the third call could've been handled better. For this reason, I think M&S should pay compensation of £50.

Methods of communication

Mr N has made some points about the difficulties he experienced in contacting M&S. He thinks it's unfair that he can only contact them by phone and says this raises Equality Act issues for someone with a hearing impairment.

I'm sorry to hear that Mr N found it difficult to contact M&S. However, I can't agree that the only method by which Mr N could contact M&S was by phone. Based on what I've seen, M&S offered other means of communication including Text Relay, online chat and post.

Putting things right

To put things right, Marks and Spencer Financial Services Plc must pay compensation of £50 to Mr N as compensation for the service issues he experienced on the second and third calls dated 16 October 2024.

My final decision

My final decision is that I uphold the complaint. Marks and Spencer Financial Services Plc must pay compensation of £50 to Mr N as compensation for the service issues he experienced on the second and third calls dated 16 October 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 1 October 2025.

Emma Davy
Ombudsman