

The complaint

Mr P complains that Blue Motor Finance Ltd ('BMF') have treated him unfairly by recording missed payments on his credit file despite entering into a payment arrangement.

Mr P says that, when entering into the arrangement, he was not told that it would appear as missed or late payments, nor was it mentioned that the arrangement could negatively affect his credit score.

Mr P says the lack of clear information caused him considerable distress. He says, had he known that missed payments would be reported as part of the arrangement, he would have made a different decision.

What happened

Mr P entered into a hire purchase agreement with BMF in September 2022.

It appears that, in or around December 2023/January 2024, Mr P began experiencing problems maintaining payments due to a change in personal circumstances. As a result, arrears built up on his account.

In February 2024, Mr P contacted BMF to discuss putting in place a plan to clear the arrears. A payment arrangement was agreed.

In December 2024, Mr P complained to BMF about how the account was being reported on his credit file. Later that month, BMF issued a final response in which it did not uphold Mr P's complaint. In short, it said that at the point-of-sale documentation – specifically the Pre-Contract Explanation and Hire Purchase Agreement – state BMF will report missed payments to credit reference agencies (CRAs).

Unhappy with this, Mr P referred his complaint to our service in December 2024. One of our investigators looked into the complaint and, on 13 March 2025, issued their findings in which they said they did not think the complaint should be upheld.

Mr P didn't agree with our investigator. As an agreement couldn't be reached, the complaint has been passed to me to decide.

On 15 July 2025, I issued a decision in which I did not uphold the complaint. However, as I was commenting on information (specifically call recordings) which had been provided after our investigator issued their opinion, I wanted to give both parties an opportunity to respond before I finalised my decision. Therefore, I issued a provisional decision in which I said:
I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, as I've said, I've provisionally reached the same overall outcome as our investigator. This being the complaint should not be upheld. I understand this will come as a disappointment to Mr P. However, I'll explain why I provisionally think this is a fair outcome in the circumstances.

However, before I do, I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision. Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've based my decision on the balance of probabilities.

In considering this complaint, I do have to consider what the Information Commissioner's Office (ICO) says about what should or shouldn't be reported. The ICO is the body which deals with an individual's data, and it has released a document called "Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies". It is entirely reasonable to rely on this, because when determining a complaint, amongst other things, I am required to take into account good industry practice and in my view, these principles constitute good industry practice in this area.

I've included what I consider to be the key passages from the guidance. A brief overview of the purpose of the guidance and who it is aimed at can be found towards the start when the guidance says;

"How CRAs operate is agreed with the ICO and the purpose of this document is to set out the principles under which information about arrears, arrangements and defaults are filed with the CRAs.

These principles will be of interest to regulators, lenders and consumers and their representatives.

The principles set out in this document have been reached after extensive consultation with the ICO, lenders, CRAs and trade associations. Adherence to these Principles will be periodically reviewed in line with the credit industry's data sharing governance procedures."

So, it's clear, from the ICO, that this guidance is to be used by everybody when looking at whether the information reported to the CRAs is accurate. With regards to payment arrangements, of the type Mr P entered into, the guidance says:

"An arrangement may also be provided when a customer has agreed with the lender to make overpayments to clear historic arrears.

*Depending on the period and amount of the arrangement, **arrears may continue to be reported** [my emphasis added]. Such temporary arrangements may last for some time but are generally expected to revert to the contracted terms at some future point. For such accounts arrears may continue to be calculated in accordance with the contracted terms."*

The guidance goes on to say:

*Following a satisfactory period of payments under a temporary arrangement, and if the lender agrees, the status on your account may be set to zero; **although the history will remain** [my emphasis added]. This can be described as capitalisation, re-scheduling or re-aging. Depending on the product this could result in adjustments to how your account is reported on your credit file e.g. the payment amount,*

repayment period as well as the status. Should you make full payments from this point onwards your account will be classified as being up to date.

The credit file information Mr P has supplied shows BMF began reporting arrears on the account from around December 2023. This ties in with the information BMF provided Mr P during the phone call he had with it on 1 February 2024, during which the advisor tells Mr P he is in two months' arrears.

I can also see the missed payment markers reverted to zero from around October 2024. This tallies with a telephone call which took place on 21 October 2024 during which Mr P makes a payment to bring the account back up to date.

I understand Mr P feels the way BMF has recorded information on his credit file is wrong. But the information about whether Mr P is in arrears or not relates to the original loan. Essentially the payment arrangement doesn't replace the original loan contract. And the arrears showing on Mr P's credit file were because he wasn't able to fully make his repayments in line with the contracted terms.

Even though, as I understand it, Mr P was making full repayments (plus extra to clear the arrears) he was still behind with the scheduled repayments to the original loan. So, I don't think BMF have made a mistake – taking into account the relevant reporting standards - by recording his credit file in this way.

Whilst I don't think BMF has made a mistake in the way its recorded information, the crux of Mr P's complaint is BMF failed to disclose that missed or late payments would be reported – or that the arrangement could negatively impact his credit score – and had it done so he would have made alternative arrangements.

So, I've looked at the information Mr P was given when he started the repayment arrangement.

As I've said, Mr P contacted BMF by telephone on 1 February 2024 in which he explained to the advisor he has had trouble making some payments and he would like to set up a repayment plan to clear the arrears.

During this call, an income and expenditure assessment was completed. Following this, a plan to pay an extra £100 per month (on top of the usual monthly repayment) was agreed to clear the arrears over the course of eight months, beginning in March 2024 and ending in October 2024.

Towards the end of this call, the advisor says whilst the account is in arrears, it may affect your credit file. The advisor goes on to say if you maintain payments and if the payment plan is adhered to it'll bring you back up straight and it'll have a more positive impact on your credit file.

This isn't an unreasonable thing to say, and I don't think it's misleading. What's more, a call a few days later (when Mr P is making a payment towards the account) the advisor says with your agreement being in arrears, just be aware of your credit file.

Whilst I don't doubt Mr P's honestly held recollections I can't agree, based on the information I've been provided, that BMF led Mr P to believe there would no negative impact on his credit file or that it would cease to report missed payment markers whilst arrears existed on the account.

In addition, I note that Mr P contacted BMF again in early May 2024 to discuss the account

because the payment the prior month¹ had not been made. And, during this call, the advisor tells Mr P to bear in mind his credit file whilst the account is in arrears. This again, in my view, put Mr P on notice that adverse information was being recorded on his credit file.

I acknowledge Mr P's comments about other lenders not reporting similar arrangements in this way (or at all). But I can't comment on what actions other businesses have chosen to take. I can only look at the actions BMF have taken in relation to this complaint. And based on both the terms of the loan agreement that Mr P has with BMF - which says they may report adverse credit information - and their obligations as a responsible lender I think BMF have acted in the way that we'd expect and don't think they've treated Mr P unfairly.

Summary

Given all of the above, I don't think that BMF has acted unfairly in the way it has reflected Mr P's management of the account with CRAs. And I am not persuaded that BMF misled Mr P before he started the repayment arrangement, or at any other point.

Therefore, I am provisionally minded to conclude BMF do not need to do anything further to resolve matters here.

Responses to my provisional decision

I asked both parties to provide further submissions by 29 July 2025.

BMF didn't respond to my provisional decision.

Mr P asked for more time to provide further submission. This request was granted. A new deadline of 5 August 2025 was agreed. Further extensions were granted allowing Mr P until 13 August 2025 – and then until 22 August 2025 - to provide any further submissions. To date, no further submissions have been forthcoming.

Therefore, in the interests of bringing matters to a close, I'm now proceeding with my final decision based on the information I already have.

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.

In my provisional decision I set out my intended findings and the reasons for them. As I've said, I've received no comment from BMF in respect of my findings. And Mr P has not submitted any new information.

Therefore, having reviewed all the information again – and in the absence of any new submissions – I haven't seen anything which leads me to reach a different conclusion.

With that being the case, I adopt the findings set out in my provisional decision in full in this final decision.

My final decision

For the reasons I've set out here and in my provisional decision, my final decision is that I do

¹ This appears to be reflected in the credit report Mr P has provided, with the arrears increasing from '1' to '2' around this time.

not uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 September 2025.

Ross Phillips
Ombudsman