

The complaint

Mr M complains Oakbrook Finance Limited trading as Finio Loans (Finio) incorrectly set up a payment plan and recorded adverse information on his credit file.

What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. As a summary, Mr M took a fixed sum loan with Finio in March 2024, borrowing £1,000 repayable over 12 months.

In October 2024, Mr M agreed a payment arrangement with Finio to pay £1 a month for three months. However, Finio suppressed Mr M's direct debit, meaning it didn't attempt to collect the first payment.

Finio acknowledged it had made an error, however then failed to activate the direct debit, meaning the second payment also wasn't collected. Mr M consequently complained, he said he'd entered into a breathing space through the Debt Respite Scheme (DRS) and Finio had failed to offer the support it should have. Mr M raised concerns Finio hadn't collected his monthly payments and had recorded adverse information on his credit file.

Finio responded and apologised for the errors it had made. It said while it had received notification of Mr M's breathing space under the DRS, Mr M had opted to set up an informal arrangement that lasted longer than the 60 days relief applied under the breathing space, by choosing to enter a payment arrangement for three months.

Finio said it had explained that although Mr M was in a payment arrangement it would still report a shortfall in contractual payments to credit reference agencies (CRAs), so it didn't agree it had recorded incorrect information on Mr M's credit file. Finio said it had reinstated Mr M's payment arrangement and offered £25 to apologise for any upset or inconvenience caused.

Unhappy with Finio's response, Mr M referred his complaint to the Financial Ombudsman. One of our Investigators looked into what happened and thought Finio had reported a fair reflection of Mr M's account to CRAs so didn't think it needed to amend this. He however didn't think Finio had offered fair compensation and recommended it increase this to £200.

Finio disagreed with our Investigator's opinion, saying Mr M had accepted its offer. Mr M also disagreed and said Finio was unfair in its reporting to CRAs.

As the matter wasn't resolved, the complaint has been passed 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've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

In doing so, I've reached the same conclusions as our Investigator for broadly the same reasons. I note Mr M has referenced another decision our Service has issued, However, my role is to decide each complaint on its own merits and while complaints may appear similar on the face of it, this may not reflect the subtleties of each case. I would also note Finio didn't default Mr M's agreement.

Mr M entered into a payment arrangement with Finio in October 2024, and while it's evident he was proactive in explaining his circumstances and making payments towards the agreement, I haven't found Finio was unreasonable in the information it passed to CRAs.

A payment arrangement or breathing space under the DRS, doesn't prevent Finio, or any firm from reporting missed payments or adverse information to CRAs. Rather under both arrangements, it's made clear that the firm has a duty to report accurate information of a consumers payment history. Finio issued a default notice in error as it had suppressed Mr M's direct debit but didn't then enforce this. So, I've then considered this further below in relation to what I think fair compensation is for the errors that occurred.

I've reviewed the information Mr M was provided before agreeing to the payment arrangement, and I'm satisfied Finio made it clear that it would report any shortfall in contractual payments to CRAs. I've seen a copy of the information reported to CRAs and think this is a fair reflection of his payment history, so don't then find it must amend this.

I've therefore turned to consider what fair compensation is for this complaint. All parties accept Finio made an error in how it set up Mr M's payment arrangement, in that it suppressed his direct debit, meaning the £1 payments weren't collected. This resulted in a notice of default being issued, although Mr M had been proactive in trying to resolve the issue.

I don't doubt this would have been of serious concern to Mr M and he's explained the impact this had on him. I therefore don't think Finio's offer of £25 fairly acknowledges the worry caused. While I appreciate Mr M appears to have initially accepted this, it's evident that in referring his complaint to our Service and from the information provided he didn't think that resolved the matter. Rather I find our Investigator's recommendation of £200 to be a fairer reflection of the upset and inconvenience Mr M felt.

As a result, I think a fair resolution to this complaint is that Finio pay Mr M £200 to apologise for any worry and upset caused.

My final decision

For the reasons I've given above, I uphold this complaint. To put things right I direct Oakbrook Finance Limited trading as Finio Loans to pay Mr M £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 January 2026.

Christopher Convery
Ombudsman