

The complaint

Mr B complains that Creation Consumer Finance Ltd unfairly reported missed payments on his credit file.

What happened

Mr B says he entered into an interest free credit agreement with Creation in March 2023, but that, following changes to his bank account, his direct debit failed early in 2025. Mr B says that, despite making the payments manually, Creation reported four late payments to the credit reference agencies. He says that none of his payments were more than 30 days late, and all were within the same billing cycle. Mr B adds that the Financial Conduct Authority's (FCA) guidelines indicate this should not have affected his credit file.

Creation says Mr B's 8 April 2025 direct debit was returned unpaid due to insufficient funds, with the second attempt also returned on 17 April 2025. It says a late fee of £30 was applied on 19 April 2025, but that May's contractual payment was also returned as unpaid on 8 May 2025. Creation says it sent Mr B six letters about the arrears between 19 April 2025 and 17 May 2025 before receiving a manual payment to bring the account up to date on 23 May 2025. Creation acknowledged that Mr B then changed the monthly payment date from the 4th to the 25th on 8 June 2025, but initially said his credit file was a fair reflection of how Mr B had managed his account.

However, following the receipt of further evidence, Creation accepted that the missed payments were shown in March and April, rather than April and May. It offered to amend Mr B's credit file and pay him £50 for the error.

Our investigator considered this was a fair offer and found that the amended credit file was now a fair reflection of Mr B's account. He did not accept that the late payment markers should be removed altogether.

Mr B responded to say, in summary, that, as he'd made the missed payments within 30 days of their due date, this does not constitute a "missed payment" as defined by the FCA. He added that the 4th of the month is not a legally binding payment date – simply the date that he'd chosen as his preferred collection date.

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 can see the initial credit agreement states that monthly payments of £38.02 were due from 28 April 2023 for 36 months. Creation has acknowledged that differs from the actual

repayment dates and has explained that was because the goods were not delivered until 4 May 2023. It says the direct debit due date was changed to the 4th of each month so that Mr B wasn't making a payment until the goods had arrived. I don't find that to be unreasonable.

Mr B made his payments on time until 4 March 2025, but I can see no payments were received between then and 23 May 2025 (11.5 weeks), at which point Mr B made a payment covering both April's and May's returned direct debits.

Creation has sent evidence that it sent updates to the credit agencies, with the status of Mr B's account, on or around the 18th of each month. As far as I can see, Creation did not report any late payments on 18 April 2025, even though the April payment was two weeks late at this stage. However, by 18 May 2025, Mr B's account would have been showing that both April and May's payments had been missed and, at that point, Creation reported them as such.

Mr B's credit agreement says:

"If you do not make the repayments that are due under this agreement then your credit rating may be adversely affected..."

Whilst I understand Mr B's argument that a payment should not be marked as late if it is repaid in full within 30 days, this is not a formal requirement. That said, typically, the first missed payment is not reported within 30 days, especially if a consumer has a good repayment history, as was the case here. It should be noted that Mr B's credit agreement did not incorporate a specific "grace period" for late payments, but that Creation only reported the adverse information following May's missed payment.

I have seen Mr B's latest credit file and, despite some initial concerns about the reporting in March and June 2025, it now shows he was one payment in arrears in April 2025 and two in May 2025. The amended markers correspond to the two consecutive missed contractual payments, which is the standard industry trigger for adverse reporting. March 2025 and June 2025 are now showing that the account was up to date in those months.

So, for the above reasons, I'm satisfied Mr B's credit file is an accurate reflection of how his account was managed. Creation has acknowledged and corrected its initial reporting error and offered £50 compensation, which I consider to be fair and reasonable.

My final decision

My decision is that I do not require Creation Consumer Finance Ltd to do anything further and Mr B may choose to accept the £50 compensation if he has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 January 2026.

Amanda Williams

Ombudsman