

## **The complaint**

Mr E complains that Salary Finance Loans Limited unfairly recorded adverse information against his credit file following a repayment arrangement he made.

## **What happened**

Mr E holds a personal loan account with Salary Finance. The loan was for £3,500 repayable over 36 months. His loan was later topped up in December 2023.

As part of Salary Finance's terms, payments are deducted automatically from a customer's salary. In April 2024 however, due to some changes in Mr E's employment status, his payments were switched from salary deduction to direct debit, allowing Mr E's monthly payments to continue without interruption.

Due to a technical issue, in May 2024, Mr E's payment was missed, so Salary Finance agreed to move this to the end of the loan's term, without impacting his credit file and with no additional interest being charged. Several manual payments were then made in the months that followed. But in August 2024, following further payment issues, his payment didn't go through, so Salary Finance again agreed to defer that payment on the same basis as above.

Payments resumed for September, October and November 2024, but Mr E failed to make December's payment. So, in January 2025, Mr E reached out to Salary Finance to discuss his payment options. Salary Finance agreed to a temporary payment arrangement of £100 per month starting in February 2025, and this was to continue for three months in place of the February, March and April 2025 instalments due. (I can also see a missed payment marker was temporarily applied to Mr E's credit file for April 2025, but it was later amended to show as an arrangement to pay).

The £100 a month arrangement was maintained, and, in May 2025, Mr E reached out to discuss his options to start clearing his arrears. It was agreed that Mr E would return to paying his normal contractual repayment of £218.87 a month, as well as agreeing to pay an additional monthly sum of £31.13 to help clear the arrears that had accrued on his account - as a result of both the December missed payment, and the subsequent arrangement.

As Mr E was now making his full contractual repayments, his account reverted from showing as on an "arrangement to pay", and instead, now showed with Salary Finance as being on a "Contractual Monthly Payment Plus arrears plan (CMP+ plan)". This meant that from this point, the arrears that had accrued would be reflected on Mr E's credit file until such time that they were cleared.

Following the new payment plan being set up, it seems there was more than one issue with the £31.13 being claimed early and this payment being returned. And Mr E could see arrears were being reported on his credit file. Unhappy with this, Mr E complained.

Salary Finance said that as Mr E was on a CMP+ plan (following completion of his previous reduced payment arrangement), that arrears would now be reported with CRAs, until such time that the additional sum he was paying each month caught up the arrears outstanding.

But Mr E felt that Salary Finance were wrong not to report the more recent plan as an arrangement to pay, and he didn't think he should be seeing missed payments on his credit file as he had stuck to the arrangements in place.

Salary Finance responded, they said that while they had previously recorded his February to April 2025 repayment plan as an arrangement to pay, once that arrangement had finished and he began paying full contractual repayments (plus an additional sum), that the outstanding arrears would continue to be recorded, and the arrangement would stop. They explained that this was the reason that the existing arrears were now being reported to CRAs, rather than any issues with the additional monthly sum not being paid on time.

Unhappy with this, Mr E brought his complaint to our service.

An investigator considered Mr E's complaint. He said that while he was satisfied with how the adverse information had been recorded, he did think that Salary Finance could have done more to make it clear to Mr E that arrears would continue to be reported on his credit file despite him starting to make overpayments. So, he recommended Salary Finance pay Mr E £150 for the distress the adverse would have caused.

Mr E was unhappy with these findings and felt the redress did not go far enough to put things right. Equally, Salary Finance were unhappy and felt that it had been made clear that the existing arrears that were yet to have been cleared, would continue to be reported.

So, as the parties remained in disagreement, the case was passed to me to decide.

I wrote to both parties on 10 October, and explained the following:

*"There is a lot of background here which is well known, so this email will focus on what I think is the crux of the matter, that being the adverse information that was reported to credit reference agencies.*

*In this case, following some payment difficulties in December 2024, arrears built up on your account, and a reduced payment arrangement was put in place from February - April 2025 for a £100 a month. I'm pleased to see that Salary Finance provided you with this support while you were experiencing some temporary financial difficulty. This agreement was recorded as an 'arrangement to pay' with credit reference agencies ("CRAs"); this generally reflects more favourably than simply reporting arrears that have accrued, as it shows that a customer is taking pro-active steps to manage their finances. I think both you and Salary finance are in agreement - as am I - that this was the fair way to handle things up until this point.*

*Following completion of this arrangement, you were in a position to return to making your contractual repayments. And you did absolutely the right thing in reaching out to Salary Finance to reset your contractual repayments. I'm also pleased to see that in an attempt to clear the arrears that had accrued, you agreed to pay an additional sum of £31.13 a month. So, up until this point, I think things have gone just as they should have. It is, however, the issue of compensation, where my thoughts differ.*

*When you reached out to Salary Finance in May, Salary Finance were, of course, aware that your account was in arrears following December's missed payment, and from the reduced payments made between February and April 2025. You were also aware of the arrears, given that your reason for contacting Salary Finance was both to reset your contractual repayments, and to pay an additional monthly sum to clear the arrears owing.*

*When you entered the arrangement to pay; your account was already one month in arrears. And when you exited the arrangement, you were further in arrears as a result of paying approximately £120 less than your contractual repayment each month. So, when the arrangement ended, and Salary Finance were reporting to CRAs that your account was two months in arrears, I think this was accurate, given you would have been in arrears of somewhere between two and three contractual repayments at this time.*

*The investigator has focussed on how Salary Finance could have been clearer in how they communicated with you about how the arrears would continue to be reported. And he set out how he felt you could have interpreted the fact that you were making more than the contractual monthly repayment, to mean that further arrears wouldn't be reported. But I don't think this makes a difference in the circumstances. The reason I say this is, firstly, because it doesn't seem you were in a position to clear the full arrears at this point, given you came to an agreement pay just £31.13 a month extra to clear the arrears over a number of months. So, I'm not persuaded that clearer information would have resulted in things being managed differently. But, more importantly, in this case, it wasn't further missed or late payments that resulted in adverse information being reported on your credit file; simply the fact that the existing arrears that had already accrued were still present and were yet to have been cleared.*

*So despite there being some issues with the £31.13 overpayments being taken early, and while accepting that further information could have possibly been clearer in respect of how arrears would have continued to be reported following your arrangement, the fact remains, that at the point the arrangement finished in April 2025, your account was still over two payments in arrears, and therefore Salary Finance were right to record this as such with CRAs. In fact, they have an obligation to report this information to credit reference agencies, as the credit file needs to reflect how your account has been paid in accordance with the 'contractual terms'.*

*So, while I appreciate this will likely come as disappointment, the reason your account is showing as in arrears, is because of the missed December 2024 payment, and the further arrears that accrued under the temporary arrangement. And I've not seen any evidence to persuade me that further arrears were being reported as a result of further missed payments, or that your arrears were increasing – just that your existing arrears continued to be reported as they were yet to have been cleared. So, in this case, I'm satisfied that Salary finance has done exactly what I would have expected them to in the circumstances, and therefore I have no reason to instruct them to award any compensation in the circumstances.”*

In response, Mr E said he was unhappy with my findings which he felt were one sided, and he said that he had provided call recordings from around December 2024 to show that Salary Finance had agreed to defer his December payment as well. He's also provided details around more recent issues he's had with Salary Finance, which he feels demonstrates a catalogue of continued errors on Salary Finance's part.

So, as the parties remain in disagreement, the case 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.

Having done so, my position remains the same as set out in my email of 10 October 2025.

Mr E entered into an arrangement following a missed payment in December 2024, at which point his account was one payment in arrears. He then entered into an arrangement, whereby he agreed to pay £100 per calendar month, against a contractual instalment of around £218. As a result, at the end of the arrangement, his account had fallen almost £260 further into arrears (just over one contractual instalment). This meant at the time of leaving the arrangement, Mr E's account was just over two payments in arrears at the beginning of May 2025.

Following completion of the arrangement, Mr E contacted Salary Finance, and agreed to pay an increased sum, in addition to returning to paying his contractual repayments to clear some of the arrears. So, I think at this point, Mr E was aware that arrears had built up on his account.

Mr E has argued that it was wrong of Salary finance to report further arrears, given that he kept to the terms of the arrangement. But it's important to note that Salary Finance have an obligation to report accurate information with CRAs in relation to how the account has been paid, in accordance with the 'contractual terms. So, given that Mr E was approximately two payments in arrears at the start of May 2025, which had accrued as a result of his reduced payments, and December's missed payment, I'm satisfied Salary Finance were right to report his account as in that position.

Mr E has argued, that following the arrangement, and despite then starting to pay his full contractual monthly repayments, further arrears continued to be reported. However, the evidence I've seen doesn't suggest that new further arrears were now being recorded, but that simply, due to the amount Mr E was paying each month, he was yet to have cleared the existing arrears that had accrued on his account, which, with an additional monthly payment of around £31, this was likely to take some time.

Mr E has also argued that following the missed December 2024 payment, it was agreed again with Salary Finance that they would defer this payment to the end of the loan's term, and therefore his account shouldn't have been showing as two payments in arrears as of May 2025. And Mr E's said he provided evidence by way of call recordings to demonstrate this. But having reviewed all of the evidence on this case, including Salary Finance's testimony that they did not agree to defer this payment, I've not seen sufficient evidence to persuade me that a deferment of the December 2024 payment was agreed.

So, while I appreciate this will come as a disappointment to Mr E, I'm not persuaded that Salary Finance agreed to defer his December repayment to the end of the agreement, and I'm satisfied that further arrears accrued whilst Mr E was in his arrangement to pay, that resulted in his account being just over two payments in arrears at the start of May 2025. As a result, I'm satisfied Salary Finance were right to record such information with CRAs, and I'm not persuaded that there were any errors on Salary Finance's part for which I think compensation is warranted.

So, for the reasons set out above, I won't be asking Salary Finance to do anything further.

### **My final decision**

My final decision is that I do not uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 13 November 2025.

Brad McIlquham  
**Ombudsman**