

The complaint

Mr S complains that New Wave Capital Limited (trading as Capital on Tap) misadvised him about the impact to his credit report of entering an arrangement to repay the debts of a limited company.

What happened

Mr S personally guaranteed the debts of his limited company, which I'll call M. M had received a £15,000 Revolving Credit Facility in April 2024.

M defaulted on its Capital on Tap Revolving Credit Facility on 17 March 2025. Capital on Tap then called upon Mr S to repay M's debt under the personal guarantee.

Mr S contacted Capital on Tap on 9 April 2025. In this call, Mr S discussed entering an arrangement to repay the debt over a longer period. Mr S also asked about the potential impact on his credit report of entering an arrangement. Satisfied that there would be no impact, he agreed an arrangement of £500 a month with Capital on Tap.

Mr S later discovered that the arrangement did impact his credit report. So he complained to Capital on Tap.

Capital on Tap responded to the complaint but didn't think it had done anything wrong. Capital on Tap said that it was satisfied the information it was reporting to credit reference agencies was fair and accurate. Capital on Tap also acknowledged Mr S's concerns about the clarity of information provided about the arrangement on his credit report.

Mr S referred his complaint to our service for review. One of our investigators looked into the complaint and thought it should be upheld in part. I summarise his findings below:

- The investigator noted that Mr S said that he was led to believe that there would be no adverse impact to his credit report by entering an arrangement to pay with Capital on Tap. The investigator, having listened to the call from 9 April 2025, agreed with Mr S's interpretation.
- The investigator acknowledged Mr S's argument that he would have chosen to repay the debt under the personal guarantee had Capital on Tap informed him that an arrangement to pay might have a negative impact on his credit report. But he wasn't persuaded this was likely. In support of this, the investigator said that Mr S hadn't paid the debt in full even when Mr S had become aware of the perceived impact to his credit report. As such, the investigator didn't think that it would be fair to ask Capital on Tap to amend the information it reported to credit reference agencies.
- The investigator did think it would be fair for Capital on Tap to pay Mr S £250 for the distress and inconvenience caused by the misleading information provided in the call from 9 April 2025.

Mr S didn't accept our investigator's opinion because he said he would have paid the debt in full had he been aware of the impact of an arrangement on his credit report.

Capital on Tap accepted our investigator's opinion but felt £250 was excessive. It said £100 would be more in line with our examples on our website.

Mr S has since satisfied the guarantee. In November 2025 he repaid the debt in full.

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, I've reached the same conclusion as our investigator, for broadly similar reasons. I will make some further comments though.

Mr S says that being in arrangement with Capital on Tap has caused a deterioration to his credit report. He says this impacted a mortgage application, although I haven't seen further detail about exactly how his mortgage application was affected or if the information reported by Capital on Tap to Mr S's credit report was the primary cause of this impact. I also note that by April 2025 Capital on Tap had already correctly reported adverse information on Mr S's credit report. Nevertheless, I don't think it's necessary to pursue the mortgage application issue further for reasons I will explain below.

Firstly, I will say that in principle I don't think it is unfair for Capital on Tap to report to credit reference agencies that Mr S was in an arrangement to repay debt under the personal guarantee he gave in respect of the debts of M. I say this because the terms of the guarantee say that if M didn't pay an amount when due *"the Guarantor shall immediately on demand pay that amount as if he was principal obliger"*. So I think it's reasonable for Capital on Tap to report information about Mr S's obligations and liabilities under the guarantee.

The dispute in this case is not whether what is being reported to credit reference agencies about Mr S by Capital on Tap is factually correct. It's whether, dependent on the content of the call from 9 April 2025, it would be fair for Capital on Tap to amend the information it reported given Mr S might have made different choices with accurate information.

I've listened to this call. As might be expected in a call that lasts nearly an hour, many things are said. For balance, I note Capital on Tap's agent's comments to the effect that Mr S might wish to check with credit reference agencies to understand exactly what impacts might be seen. But I agree with our investigator that Capital on Tap's agent did clearly say that entering an arrangement to repay the company's debt would have no adverse effect on Mr S's credit report from the point he entered the arrangement. I therefore I think it is reasonable that this was the main point Mr S took from the conversation.

How an arrangement on a credit report might be interpreted is solely up to the judgement of the person viewing it. But I don't think Capital on Tap should have said that an arrangement could never be viewed adversely. Capital on Tap doesn't appear to dispute this.

However, and while I'm sorry to disappoint Mr S, I don't think it's likely he would have paid off the debt in full in April 2025 even if Capital on Tap had given him accurate information. I say this because I think when Mr S did repay the debt is relevant evidence for considering what he likely would have done in April 2025.

Mr S says that Capital on Tap told him there would be no adverse impact to his credit report by him entering an arrangement. He adds that if Capital on Tap had told him that entering an

arrangement could be viewed as negative, he would have repaid the debt in full through the help of family and friends.

It is therefore reasonable to assume Mr S didn't have the funds available to pay the debt himself. And I'm not persuaded the evidence shows that Mr S could have relied on others to help him pay it around April 2025.

Around June 2025, Mr S became aware of what he perceived as an adverse impact to his credit report caused by the arrangement. This is why he raised his complaint. But when our investigator asked Mr S in August 2025 why he still hadn't repaid the debt, Mr S said that he was waiting for resolution of his complaint. I find that difficult to reconcile with his comments about his credit report.

In his submissions to our service, and in his calls with Capital on Tap, Mr S has stressed the efforts he has undertaken to achieve a high credit score. Mr S's credit score is clearly of importance to him. So I don't accept it is likely that Mr S would have continued in the arrangement for months, knowing the impact of that arrangement being reported to credit reference agencies, if he could have paid the debt in full. Given that Mr S did not pay the debt in June 2025, I think it is unlikely that he would have paid it in April 2025 if he had been given accurate information at the time. The fact that Mr S paid the debt in November 2025 doesn't change my mind on that point.

Since I have concluded that I don't think Mr S would have repaid the debt in full in April 2025, I think he always would have entered an arrangement with Capital on Tap. I think that was the best option available to him. I therefore don't think it would be fair for me to require Capital on Tap amend the information it has reported to credit reference agencies about Mr S.

Nevertheless I recognise it will have come as a disappointment for Mr S to learn that the information he was provided by Capital on Tap that being in an arrangement definitely wouldn't have an adverse impact to his credit report was incorrect. I think it would be fair for Capital on Tap to compensate Mr S for this disappointment.

I've considered Capital on Tap's point that £100 would be more in line with the guidance on our website. But I note this guidance says that an award of up to £300 may be appropriate for repeated small errors or a larger single mistake.

Bearing in mind the observation I made previously about the importance Mr S places on his credit report, I think this issue caused him distress. Compensation for non-financial loss of this kind is not a scientific calculation but looking at everything that happened here and applying my own judgment I think £250 is fair in the circumstances.

My final decision

My final decision is that I order New Wave Capital Limited (trading as Capital on Tap) to pay Mr S £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 March 2026.

Laura Colman
Ombudsman