

The complaint

Miss S complains about the way TSB Bank plc ('TSB') has recorded information on her credit file in respect of a credit card account which is subject to a Debt Arrangement Scheme ('DAS').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Miss S's TSB credit card was included in a DAS which started in September 2023. She is unhappy that TSB is refusing to mark this account on her credit file as in 'default' – she says third party creditors have done this with other accounts subject to the same DAS.

TSB says it has not made an error. It says as Miss S is in a DAS it has correctly marked her account as being under a payment plan/arrangement.

Our investigator upheld the complaint but TSB did not agree. So the matter has been passed to me for a final decision.

I issued a provisional finding which said:

What I've provisionally 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

I note Miss S has made a similar complaint to TSB concerning her loan account. This I will deal with in a separate decision – along with the complaint about the information TSB initially gave her about whether it would default her TSB accounts subject to the DAS. Furthermore, I note while this case deals with reporting of credit information post TSB's final response I will deal with it here. It is a continuation of the subject matter of this complaint, and no parties have objected to this service dealing with it.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Particularly relevant here is what the Information Commissioner's Office ('ICO') says about how lenders should report to credit files. Including its publication on the *'Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies'* (published in 2016 and since updated).

I have also had regard to the 'Account in Bankruptcy' ('AiB') website which is the body responsible for the administration of the DAS and publishes guidance for creditors like TSB about the DAS. And contains links to other sources of information about the scheme for debtors like Miss S (such as that on the *mygov.scot* website).

After considering this information I don't think it fair and reasonable to direct TSB to change the way it has reported the DAS. I will explain why.

The ICO says that when a reduced or revised payment plan is agreed with a borrower (which is the situation in a DAS) then that arrangement will be reflected on the credit file. It says that if an arrangement is agreed a default would not normally be registered unless the terms of that arrangement are broken. I note Miss S has not broken the arrangement – so with that in mind I am satisfied that TSB reporting the credit card account as in an arrangement rather than in default is correct.

I say this also noting the ICO says on its website '*A 'default' on your credit file simply means that the lender considers that the relationship between you has broken down*'. Furthermore, the ICO notes in its guidance that it will generally be 3-6 months of missed payments before this sort of action might be necessary. With this in mind, despite some missed or incomplete payments apparently starting on the account around July 2023– there was clearly action taken by Miss S in entering a DAS in September 2023 in order to repay her borrowing to TSB in a sustainable way. I can see why TSB fairly did not consider the relationship had broken down at this point.

I don't agree with Miss S that a default on her account is preferable to a payment arrangement being recorded. A default is arguably more detrimental and something many would wish to avoid. Nor, do I understand why Miss S concludes that TSB's approach will lead to her having adverse information on her credit file until 2035 (when the DAS is due to end in 2029). But, in any event ultimately the ICO guidance says that a person's credit file needs to be an accurate reflection of the way they have run the account. And a default is not an accurate reflection of what has happened here.

Furthermore, I have been unable to find any resources on the AiB website supporting the case that a default should be recorded on a credit file when a DAS is entered. I also note the *mygov.scot* information says a DAS can be added to a credit file and stay on there for at least six years. But it doesn't say anything about a default being recorded. If this were usually the case, I would expect to see it clearly stated here. I know Miss S says her other creditors have recorded a default – but that in itself doesn't make the actions of TSB incorrect.

I also note Miss S has referred to a DAS being aligned with a Debt Management Programme ('DMP'). And indicates these are longer term debt solutions that should result in a default being recorded. However, I can't find anything in the ICO guidance that says a longer term debt solution should always result in a default. I don't see how that would be accurate or fair, especially considering arrangements such as a DAS are not scheduled to go on beyond six years and are also intended at protecting consumers from unwanted communications (such as default notices or other collections related activity).

All things considered, and regardless of what other creditors might have done, I cannot fairly agree that TSB should be compelled to record a default for this credit card account. I know Miss S is concerned TSB will add a default later on which will extend her adverse credit reporting further than the end date of the DAS. I don't see

why TSB would if Miss S keeps to the terms of her arrangement – but it hasn't happened at this point in any event. If Miss S feels any future action of TSB is treating her unfairly she can of course complain separately about it at the time it occurs.

I note Miss S has said TSB has continued to log missed payments on her credit file in respect of the credit card account even though she has been in the DAS and kept up with the arrangement. And from the credit file she has provided it seems to be the case that missed payments have been showing on the credit card account since the DAS was entered into. I also note no party appears to dispute that Miss S has kept to the terms of the DAS.

With this in mind I don't think it is fair for TSB to report missed payments on the credit card account since the DAS was entered into. The ICO says credit files need to be accurate and I don't have anything to suggest Miss S has not kept to the terms of her new payment arrangement when she was required to. I think marking her payments as missed could give the impression she isn't keeping to her arrangement. Therefore, I think it fair that TSB amends this (as it had done in relation to her loan account) and also takes steps to prevent it from happening in the future as long as Miss S keeps to her DAS payment terms.

I can see Miss S receiving notifications about missed credit card payments from the time she entered the DAS has been frustrating for her. And it appears to have continued for some time. I note TSB has offered compensation in respect of similar issues on her loan account. I acknowledge that compensation offer and will be dealing with it in my other decision. But I also think a separate payment of additional compensation is fair to reflect the apparent ongoing issue with the reporting of missed payments in respect of the credit card account. In the circumstances, I think it fair that TSB pay Miss S £100 compensation in respect of this matter.

My provisional decision

I partly uphold this complaint and direct TSB Bank plc to:

- Update Miss S's credit file for the credit card account to show no missed payment markers since she entered the DAS in September 2023 to the date of settlement, and take steps to ensure missed payments are not recorded in future as long as Miss S keeps to her revised payment terms; and
- pay Miss S £100 compensation for the distress and inconvenience caused by reporting missed payments to the credit card account.

TSB agreed with my decision. Miss S did not agree and said, in summary:

- An arrangement to pay can be equally or more damaging than a default and she would be in a better position if she just stopped paying her DAS and allowed her account to default.
- A default has a fixed six-year lifespan whereas an arrangement to pay marker will remain for longer.
- TSB's current approach will mean an arrangement will be showing until 2035 rather than 2029 if a default is applied.
- The current approach TSB is taking is not accurate reporting in line with the ICO Principles.

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 thank Miss S for her further submissions, however, they don't really add anything to what she has already said before so I will briefly deal with what I consider to be the key points.

Firstly, as I have already said – I do not agree with Miss S that a default is better than a payment arrangement being recorded. She has not provided credible evidence to show that either.

Secondly, the DAS, unlike a general arrangement to pay has an expiry date. I do not agree that it will last until 2035 on her credit file as she states. Her DAS should come off her file automatically once it ends in 2029 – and if not she can ask TSB to remove it. I note, in support of this the *mygov.scot* website says the following:

DAS can stay on your credit file for at least 6 years.

Some credit agencies will automatically remove it after 6 years. If this does not happen, you can contact the agency to ask them to remove it.

In summary, neither party has given me cause to change my provisional findings – which I still consider fair for the reasons already given (above). These findings now form my final decision alongside the points above.

Putting things right

See below.

My final decision

I partly uphold this complaint and direct TSB Bank plc to:

- Update Miss S's credit file for the credit card account to show no missed payment markers since she entered the DAS in September 2023 to the date of settlement, and take steps to ensure missed payments are not recorded in future as long as Miss S keeps to her revised payment terms; and
- pay Miss S £100 compensation for the distress and inconvenience caused by reporting missed payments to the credit card account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 15 October 2025.

Mark Lancod
Ombudsman