

The complaint

Miss M complains that Marsh Finance Limited (“Marsh”) made a mess of her credit file when she made a payment late. She wants her credit file adjusted by way of a ‘*grace period*’.

What happened

Miss M took out a hire purchase agreement in 2023 to acquire a used car. The cash price of the car was £5,778, which was also the amount of credit provided. The credit agreement was set up over a term of 60 months with monthly rentals of £154.18, resulting in the total amount repayable if the agreement ran to term being £9,260.80.

Miss M told us:

- Marsh made a mess of her credit file even though she spoke with one of its advisors to tell them she’d be making a payment late and was told a late payment would be ok as long as it was made within seven days;
- she was told it would not affect her credit file, because Marsh had not needed to request the direct debit again, she’d simply make the payment manually;
- she contacted Marsh to make the payment within five days, but a short time later she received alerts informing her that there’d been changes to her credit file;
- she’s complained to Marsh, but it didn’t uphold her complaint;
- no other companies work in this way;
- she’s made all her other payments on time, just this one payment was a few days late and she believes it was within her ‘*grace period*’;
- she wants Marsh to correct her credit file.

Miss M told this Service that there is a grace period of 10-14 days, after which a failed payment would have an adverse effect on her credit file. But she says she made the payment within seven days without the direct debit needing to be re-requested. Miss M sent this Service a copy of her credit file to show the impact of Marsh’s actions.

Marsh rejected this complaint. It said Miss M told it that one of its agents had advised her that if the missed payment were made within seven days, there’d be no impact on her credit file. But it said this was untrue; it had listened to a recording of the telephone call and said its collections agent neither advised nor suggested that the credit reference agencies (“CRAs”) would not be informed about a late payment, even if it were made within seven days. And it sent Miss M a copy of the call recording to support its position.

Marsh told this Service that Miss M was mistaken. Its agent advised her that it would not look to re-present the direct debit again as it can take five working days to process. It says Miss M was told that following the failure of a direct debit, its normal practice was to advise its customer to make contact and make a manual payment and it advised her that missed or late payments may have an effect on her credit file. Marsh says Miss M accepted this on the telephone call, and in fact contacted it again a few days later to make a manual payment.

Marsh said that it had reported the state of the account correctly to the CRAs, and it does not offer a 'grace period' following a missed payment. It said Miss M's payment was due on 15 December, and it typically reports to the CRAs between 16th to 18th of each month.

Our Investigator looked at this complaint and said he didn't think it should be upheld. He said he'd listened to the call recording, and what he'd heard did not support what Miss M claimed. He concluded that he didn't think Marsh had acted inappropriately.

Miss M disagrees so the complaint comes to me to decide. She says she made the payment within a few days of when it was due, and she strongly believes that this should not affect her credit file.

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 hope that Miss M won't take it as a discourtesy that I've condensed her complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Miss M should note, however, that although I may not address each individual point that she's raised, I have given careful consideration to all of her submissions before arriving at my decision.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

Having done so, I've reached the same conclusion to that of our Investigator, and I don't think this complaint should be upheld – and I'll explain why.

First of all, I've listened very carefully to the telephone call between Miss M and Marsh's representative so that I can be sure what was said and what undertakings were given. Miss M telephoned Marsh, the telephone call was brief – around three minutes in length, and I've transcribed it as follows:

Marsh: *"We've tried to contact you today because your direct debit has come back failed"*

Miss M: *"Ok, when are you able to collect it next?"*

Marsh: *"We don't normally collect it next because as a duty of care we normally wait for you to make a manual payment, otherwise it can take up to five working days for us to reclaim it...and that may then have an impact on your credit file"*

Miss M: *"Ok, in that case, is it possible for me to make payment on Friday – I'll have to make manual payment on Friday"*

There's then a brief discussion about why the direct debit failed and Miss M's financial circumstances. The Marsh agent checks whether Miss M is struggling financially, and Miss M says 'No'. The Marsh agent explains that it's possible to change the direct debit collection date if that is of help, but Miss M says it's fine, it can be left as it is.

Marsh: *"So you're going to call on Friday to make a debit card payment?"*

Miss M: *"Ok, what time do you close?"*

And the Marsh agent confirms Friday and Saturday opening hours. The call then ends.

I'm satisfied, having listened to the call, that no 'grace period' was discussed by either party; or requested by Miss M; or offered by the Marsh agent. And Miss M was not told that making a late manual payment would *not* affect her credit file.

Next, I've considered Marsh's actions. Miss M's agreement says, "*It is essential that you make all payments in full and on time*", and it sets out the monthly payments and when they're due, so I'm satisfied that she ought reasonably to have known what she needed to pay each month, and when, and that the payment needed to be made on time.

Moreover, the Information Commissioner's Office (ICO) places requirements on lenders when it comes to the data they report to CRAs. The ICO says "*Lenders that supply data to the CRAs are required to ensure that the data is accurate, up to date and meets agreed quality standards*". So, on the basis that Marsh must report accurate credit information to the CRA's, I'm satisfied that it has acted fairly by following the ICO's requirements when it reported Miss M's late payment.

Now, I do appreciate Miss M may have concerns about her credit file and the effect this *may* have on future lending applications. Miss M may be interested to note that she can place a '*Notice of Correction*' against her credit records. The purpose of such a notice is to allow someone the opportunity to add any explanatory circumstances that they would like prospective lenders to take into consideration when making lending decisions. And if she wishes to do this, she should contact the CRAs directly herself.

Taking everything into account, I can't uphold this complaint as I've found no evidence of Marsh having done anything wrong or treated Miss M unfairly. I know Miss M will be disappointed with the outcome of her complaint, but I hope she understand why I've reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 November 2025.

Andrew Macnamara
Ombudsman