

The complaint

Mrs B complains Brachers LLP are responsible for reporting defaults to her credit report for a debt they were managing.

What happened

Mrs B has two credit card accounts with a lender I'll refer to as A. They asked Brachers to manage Mrs B's accounts after they terminated them.

Mrs B agreed a repayment plan for the debt with Brachers. Despite this, defaults were applied to the accounts by A – which Mrs B says is unfair given she'd reached a repayment agreement. Mrs B says the application of these defaults caused significant losses.

In their letter of 17 December 2024 Brachers said A had sent Mrs B notice of default letters on 14 June 2024, but they thought the defaults applied in September 2024 were incorrect. They said they'd reached a repayment plan with Mrs B on 16 September 2024, and her account was placed on A's hardship program the following day. The payments were £500 a month to start on 1 October 2024. Brachers thought there had been a system error and said they'd arrange for the defaults to be removed.

Unhappy with Brachers' response, Mrs B asked us to look into things, saying they'd failed to offer compensation which covered her financial losses, including:

- Legal costs of £2,523.24
- Reduced credit limits on three credit cards
- Higher mortgage payments of £2,500 a month until a new mortgage is found – due to not being able to remortgage

Mrs B also talked about the emotional distress this issue had caused her and said Brachers should be awarding her compensation too.

One of our Investigators considered things. He felt compensation of £500 to reflect the emotional distress Mrs B had experienced was fair – but didn't award any of Mrs B's claimed financial losses.

In Mrs B's first response, she explained she thought the compensation of £500 was too low given the extent of the financial losses and disruption she suffered due to Brachers' actions.

In a later response, Mrs B added she thought Brachers and A were passing the responsibility for what happened on to one another – so no one was being held accountable. Our service had previously considered a complaint against A, and Mrs B felt both that case and this one against Brachers needed to be considered together to get the full picture.

Overall, as Mrs B didn't accept our Investigators outcome, the complaint's 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.

I think it's important to explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is.

Brachers have accepted a data error by them led to the defaults being applied by A. With that in mind, I don't need to decide who is responsible for the defaults being applied – as Brachers have accepted responsibility for what happened. Brachers have also accepted the defaults shouldn't ever have been applied.

So, what I do need to decide, is whether the outcome our Investigator reached of £500 compensation is fair.

I'll split Mrs B's claim against Brachers into financial losses and compensation.

Financial losses

Mrs B has claimed the following financial losses:

- Legal costs of £2,523.24
- Reduced credit limits on three credit cards
- Higher mortgage payments of £2,500 a month until a new mortgage is found – due to not being able to remortgage

Before explaining my thoughts on each item Mrs B has claimed for, I wanted to set out the way I need to think about these costs.

Initially I need to be satisfied the costs directly flow from the error Brachers have made – and I also must be satisfied those costs were entirely unavoidable despite Brachers error. If a consumer didn't need to incur costs, or otherwise could have mitigated them, then I wouldn't usually award what's been claimed for.

In respect of the legal costs I thank Mrs B for providing an invoice showing costs she incurred when seeking legal advice. But, I can't agree this is a cost that was entirely unavoidable. Although I appreciate the urgency Mrs B had at the time with a mortgage application going through she could have raised a complaint through the complaints process with Brachers – which she ultimately did. So, I can't say these legal costs were entirely unavoidable and I'm not going to tell Brachers to cover these.

For the three credit limit reductions Mrs B hasn't provided anything from her lenders to show the sole or main reason for this was due to the default being applied to her credit report. Without this I can't be satisfied Brachers' error is what led to this issue.

Similarly in terms of the mortgage, Mrs B hasn't been able to provide anything from a lender to show the reason for the decline of the mortgage was due to the default. Mrs B did provide an email from her mortgage broker who said the lenders had told them verbally this was the reason – but nothing from the lenders. Given mortgages can be turned down for many reasons, I also can't be satisfied the error by Brachers was the cause of this issue. I'd need to see something from a lender confirming this, which I can see Mrs B did try and get.

Taking all of that into account then, I can't reasonably say any of Mrs B's claimed financial losses are ones I can hold Brachers responsible for.

I've also thought carefully about Mrs B's request for this case and the one against A to be considered together by me. In doing so, I've reviewed the 20 documents Mrs B provided on 29 October 2025 from her case file with A which she said shows matters needed to be considered together.

While I understand Mrs B will be disappointed, I can't agree the case against A does need to be considered at the same time as this case. I say that because, although I can't decide anything against A, the only outstanding issue Mrs B has pointed to is her claimed financial losses. I've set out above why I won't be requiring Brachers to pay these costs. And, in general terms, I'd likely require the same evidence Mrs B hasn't been able to provide to uphold these costs against any other financial business – such as A. So, I'm not persuaded Mrs B has been disadvantaged by not having the case against A fully considered alongside this case.

Compensation

This is about how the error has impacted Mrs B in a non-financial way – such as causing distress, inconvenience, trouble and upset. It's not intended to cover any kind of financial loss.

Mrs B has talked about the emotional distress she's been caused by this issue – and said this has caused her immense stress and anxiety.

I don't doubt having a default unfairly applied to her account would absolutely lead to these kind of feelings.

Deciding compensation isn't an exact science. I need to think about the impact to the individual and take into account our published guidelines on compensation to reach what I consider to be a fair figure.

Defaults being applied to someone's credit report – and the length of time it took for them to be removed – is going to be extremely frustrating and distressing. That's what Mrs B has described, so having thought about things carefully I do think £500 is a fair outcome to reflect the distress she's experienced.

My final decision

For the reasons I've explained above I partially uphold this complaint and require Brachers LLP to pay Mrs B £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 December 2025.

Jon Pearce
Ombudsman