

The complaint

Mr V complains that Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance ('Novuna') unfairly reported his personal loan arrears to the Credit Reference Agencies ('CRAs'), when they should have reported an arrangement.

Mr V wants his credit file amending and for Novuna to compensate him for the impact of their credit reporting.

What happened

Mr V said Novuna had reported an arrangement marker when he'd underpaid his loan but once he was able to pay more than the monthly instalments, Novuna had reported his account was in arrears. Mr V said this had caused other creditors to withdraw lines of credit and he was concerned Novuna's credit reporting looked like a default.

Novuna said they'd only report underpayments as arrangements, and the current reporting of arrears accurately and fairly showed that Mr V was reducing his balance.

Our investigator recommended Novuna report an arrangement, given the guidance from the Information Commissioner's Office ('ICO') and their communication with Mr V.

Novuna disagreed, saying they were not mandated to report overpayments as an arrangement. Mr V also disagreed, saying that an amendment to his credit file didn't go far enough to put things right. The matter was then passed to me to decide.

My provisional decision

I recently issued a provisional decision, saying:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

My provisional decision is that Novuna's credit reporting isn't unfair to Mr V, but they've not communicated fairly with him about what to expect. So I intend to say Novuna should pay Mr V £100 for his distress and inconvenience. I'll explain why.

I think it's important to say that the Financial Ombudsman Service doesn't have the power to make rules for financial businesses, in terms of directing that they should change their policies or procedures. That is the role of the regulator, the Financial Conduct Authority ('FCA').

In its document "Principles for the Reporting of Arrears, Arrangements and Defaults at the Credit Reference Agencies", the ICO says:

"If, due to financial difficulty, your lender agrees a reduced or revised payment with you, this will be reflected on your credit file... Should a temporary reduction in the payment amount be jointly agreed between you and your lender, this 'arrangement' will be recorded at the CRAs.."

"An arrangement may also be provided when a customer has agreed with the lender to make overpayments to clear historic arrears... Depending on the period and amount of the arrangement, arrears may continue to be reported."

The ICO requires data reported on a credit file to be "fair, accurate, consistent, complete and up to date."

I've considered whether Novuna's credit reporting was fair to Mr V in these circumstances.

The CRAs typically display status codes on credit files such as 1, 2 etc which reflect the number of months of arrears rather than a missed or late payment.

Novuna showed me evidence Mr V's status codes changed from '0' (up to date) to '6' (6 months/+ arrears) when he underpaid, and that they reported an 'AR' to indicate an arrangement. Novuna reported the balance outstanding each month.

When Mr V started overpaying Novuna continued to report a '6' status code and the monthly balance but longer reported the arrangement marker. I'm inclined to say this didn't look like a default as this has a different code.

I'm minded to agree with Novuna that the ICO does not mandate that they report an arrangement where overpayments are being made. That's because the ICO uses the word 'may' when referring to overpayment arrangements rather than 'will' when referring to a deviation of the contract terms. I'm minded to say Novuna can decide whether they report Mr V's overpayments as an arrangement, although I'd expect them to treat Mr V fairly.

I recognise Mr V's disappointment that the arrangement marker disappeared and it seemed his credit file was in worse shape for addressing his arrears. I agree an arrangement marker is typically perceived more favourably than a report of building arrears. But I've borne in mind that Mr V was no longer building arrears, he was decreasing them.

I'm inclined to say that if Novuna continued to report an arrangement marker this would likely suggest financial difficulty as it usually reflects the account is not being maintained in accordance with its usual terms. The ICO's 'Credit Explained' leaflet (<https://ico.org.uk/media2/migrated/1282/credit-explained-dp-guidance.pdf>) indicates this on page 17. I'm minded to say that reporting an arrangement here would give a misleading impression that Mr V was underpaying.

Novuna continued to report the monthly account balance so Mr V's credit file showed a significant change in repayments. All going well Mr V could expect to see his status codes reduced back down to '0' to reflect the arrears repayment.

I'm inclined to say Novuna's credit reporting was fair to Mr V in these circumstances. I say this because they stopped reporting the arrangement marker, which typically indicates underpayments, and reported an accurate picture that Mr V was reducing his debt.

I'm not inclined to say Novuna communicated fairly with Mr V as they wrote to Mr V in February 2025 to acknowledge an overpayment arrangement and said, "If your agreement is in arrears, this and any agreed arrangement will be reflected on your credit file."

Novuna gave the same information when Mr V arranged to underpay, so I'm inclined to say Mr V was likely given the impression that the reporting of the arrangement wouldn't change when he resumed his normal payments and started paying his arrears. Mr V was upset to learn this wasn't the case and thought something had gone wrong. While I don't intend to direct Novuna to amend their credit reporting, I intend to say they should pay Mr V £100 for his distress and inconvenience.

Mr V has shown me screenshots from credit score apps which show his account has 'missed payments' from March 2025. Mr V is understandably concerned because he's been paying in those months. I'm not minded to hold Novuna responsible for how third party credit score apps interpret the data they've reported to the CRAs. It may help Mr V to know that lenders won't see this interpretation – they rely on the data reported to the CRAs.

Mr V says his other lines of credit were reduced because of Novuna's credit reporting. Even if I agreed that Novuna's reporting was unfair, I'm not persuaded I'd hold them responsible for the decisions of other lenders as these are influenced by multiple factors. I'm not minded to say there's persuasive evidence that Mr V's lines of credit were reduced solely due to Novuna's reporting, or the absence of an arrangement marker.

I recognise my current findings will likely disappoint Mr V. Deciding a fair outcome is a balancing exercise and for the reasons I've given, I'm not currently persuaded that Novuna's credit reporting is unfair to Mr V, although it isn't what Mr V wants or expected."

Responses to my provisional decision

I asked Mr V and Novuna to send me any further comments or evidence they wished me to consider before I made a final decision. The deadline for doing this has now passed.

Mr V didn't reply. Novuna accepted my provisional decision.

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 haven't changed my mind about how this complaint should be resolved. I'll adopt my provisional decision, set out above with my reasoning, as my final decision.

This means I think Novuna should pay additional compensation of £100 to Mr V, to fairly resolve his complaint.

Putting things right

Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance must pay £100 to Mr V for his distress and inconvenience.

My final decision

For the reasons I've outlined, Mitsubishi HC Capital UK PLC trading as Novuna Personal Finance must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 1 December 2025.

Clare Burgess-Cade
Ombudsman