

The complaint

Mr M complains MBNA Limited (MBNA) have unfairly recorded missed payments on his credit file.

What happened

Mr M says he entered into a debt arrangement scheme (DAS) with MBNA in November 2019, but MBNA have continued to report on his credit file missed payments for the past six years, despite the fact he has made the agreed monthly payments on time. Mr M says when he complained about this, MBNA initially agreed to correct his credit file and awarded him £150 for the trouble and upset, but shortly afterwards changed its decision and said the missed payments must remain on his credit file.

Mr M feels MBNA aren't keeping to the spirit of the agreement and he has been treated unfairly here and wants MBNA to remove the missed payment markers from his credit file so he can move on with his life.

MBNA says when it initially upheld Mr M's complaint this was an error as it had assumed Mr M had been defaulted, which wasn't the case here as Mr M was placed into a DAS, so late payment markers are recorded with credit reference agencies (CRA's) as part of its process.

While MBNA says it is sympathetic to Mr M's situation it has acted correctly here and so will not be removing the late payment markers from his credit file.

Mr M wasn't happy with MBNA's response and referred the matter to this service.

The investigator looked at all the available information and upheld this complaint. The investigator felt MBNA marking Mr M's credit file with late/missed payments didn't reflect the true situation here, as it made it look as though Mr M wasn't making the monthly payments under the terms of the DAS as agreed, which was unfair.

The investigator proposed MBNA amend Mr M's credit file to show he has made his payments on time since he entered the DAS in November 2019. The investigator felt the £150 compensation MBNA had already paid should remain.

While Mr M accepted the investigator's view, MBNA didn't agree and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I will also be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting and frustrating for Mr M to have met the monthly payments under the terms of the DAS, only to find MBNA had recorded on his credit

file late/missed payment for the past six years.

When looking at this complaint I will consider if MBNA acted unfairly when it recorded late/missed payment markers on Mr M's credit file while he was in a DAS.

Mr M feels MBNA haven't acted in the spirit of the DAS when recording late/missed payment markers on his credit file, even though he had made the payments under this agreement on time for the past six years. MBNA says it believes that recording these late/missed payments in line with its process, is a more accurate reflection of the payments Mr M made to his account, as he hadn't met the original contractual amount due each month - only those payments under the DAS.

While I understand the points MBNA make here unfortunately I'm not fully persuaded by its argument. So, while MBNA says it acted under its process for DAS when reporting late/missed payments, there are occasions when a more pragmatic solution is needed, especially when a consumer is disadvantaged by that process and I believe that is the case here.

It's reasonable to say that lenders like MBNA should report accurate information on the activity of its customers' accounts to the CRA's, in line with its obligations. But here I can't agree that reporting late/missed payments under a DAS when the payments under that agreement have been made on time, are a true and accurate reflection on what actually happened here.

Afterall, for the past six years as far as I understand, Mr M has met the terms of the DAS and made his payments when due. So while it is wholly appropriate for MBNA to record that a DAS is in place, equally it should make clear that those payments are being made and are up to date. Otherwise this would give the impression to other potential lenders that Mr M is in a DAS but not meeting the payments when due, when that isn't the case here.

In fact it would seem that Mr M would have been better served by MBNA defaulting him six years ago, and while I'm sure MBNA wouldn't have wanted Mr M to have been in worse situation regarding how his debt was going to be reported going forward, it has potentially inadvertently done that by the way in which it has recorded the activity under the DAS.

So on balance, in this individual circumstance I am satisfied MBNA should now amend Mr M's credit file to more accurately reflect that while a DAS was in place, the payments were met on time, for the reasons I have already stated.

While MBNA will be disappointed with my decision, I feel this is a fair outcome here and like the investigator the £150 already paid to Mr M should remain.

Putting things right

I instruct MBNA Limited to amend Mr M's credit file to show that a DAS is in place and the monthly payments under that arrangement are up to date and on time, and they are not recorded as missed or late payments.

My final decision

My final decision is that I uphold this complaint.

I instruct MBNA Limited to amend Mr M's credit file to show that a DAS is in place and the monthly payments under that arrangement are up to date and on time, and they are not recorded as missed or late payments.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 January 2026.

Barry White
Ombudsman