

The complaint

Ms A complains that Lloyds Bank PLC unfairly reported to credit reference agencies that her loan was subject to an arrangement to pay.

What happened

I issued a provisional decision setting out what I thought about Ms A's complaint. I've copied the relevant parts of that decision below, and they form part of this final decision.

"Ms A had a personal loan with Lloyds, with monthly payments of £425.20. On several occasions, Ms A asked for 30-day payment holidays – some of which were agreed. In March 2024, Ms A asked for a payment holiday, but this was declined. Instead, Lloyds offered to waive interest for three months. In August 2024 she told Lloyds she was no longer working, and a further 30-day hold was agreed.

Ms A called again in December 2024 to ask for further support. During the call, Lloyds agreed to set up an arrangement to pay for a period of three months – with an agreed monthly payment of £0. During that time Lloyds agreed not to apply interest or charges, or chase her for payments. This also meant Lloyds wouldn't report the account as in arrears or default if she didn't make payments during the arrangement. Ms A continued to make payments each month while this plan was in place.

In February 2025 Ms A raised a complaint. She'd discovered that Lloyds had reported arrangement markers on her credit file for the last three months – which wasn't what she wanted. She said she only wanted Lloyds to place a temporary hold on the account as it had previously agreed to do. She was concerned the arrangement markers would damage her credit file and affect her ability to obtain credit going forward. She was also unhappy that when raising her concerns one of Lloyds' agents had said she'd 'enjoyed' an interest free period – which she said was inappropriate given her ongoing financial difficulties and vulnerabilities.

Lloyds thought the information it had reported was accurate. It said its agent had explained how the arrangement worked, including the consequences and credit file impact, and followed this up in writing. It agreed the use of the word 'enjoyed' by its agent was inappropriate in the circumstances and offered Ms A £75 to recognise this.

The complaint was referred to this service. One of our Investigators considered the complaint but didn't uphold it. They listened to the call between Ms A and Lloyds, and were satisfied that the arrangement had been explained appropriately. They thought Lloyds' offer of £75 was fair and reasonable in the circumstances.

Ms A didn't agree. In summary, she didn't think Lloyds' agent did enough to explain to her that an arrangement was different to the support it had previously offered. She explained that – as a vulnerable customer – Lloyds had a duty to make sure its explanations were clear and unambiguous. She said that if she'd known an arrangement would reflect on her credit file regardless of whether she made the payments she wouldn't have agreed to it. She asked that the complaint be referred to an Ombudsman for a final decision. So, it's been passed to

me to decide.

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.

I recognise that I've summarised Ms A's concerns in significantly less detail than she has. This isn't intended as a discourtesy – but simply reflects the informal nature of my role. I'd like to assure both parties that I've read and considered all of the information they've provided. Where I haven't specifically commented on something that doesn't mean I didn't see it – only that I didn't find it necessary to reach what I consider to be a fair outcome.

Lloyds, like all lenders, is required to report fair, accurate and up to date information to credit reference agencies about how its customers manage their accounts. In this case Ms A was in an arrangement to pay, and it was agreed that she could make no payments towards the account for a period of three months. I'd typically expect Lloyds to report such an arrangement on its customer's credit file to reflect what was agreed.

Lloyds also has a responsibility to ensure it provides customers with clear information at the right time to support them in being able to make an informed decision about achieving their financial objectives. I'd also expect Lloyds to fully consider the information provided by Ms A before recommending any forbearance arrangement.

It's not disputed that Ms A agreed to enter an arrangement during the call of December 2024 – but she says she didn't fully understand the implications of what she was agreeing to. In particular, she says she didn't understand how an arrangement to pay was different to the support Lloyds had previously offered. The support Lloyds had put in place previously didn't result in arrangement markers being reported – and Ms A says she had no reason to think it would be different this time.

I've considered the history of the account. Since 2022, there was a pattern of Ms A requesting 30-day holds whenever possible. There were some restrictions on how frequently she could request this – and in some cases her requests were declined. When she called in March 2024 Lloyds wasn't able to offer her a 30-day hold, but instead agreed to waive interest for a period of three months. While I haven't heard this call, Ms A says she was told she could call back if she needed further support. It doesn't appear that either the 30-day hold agreements or the agreement to waive interest resulted in arrangement markers being reported.

When she called again in August 2024, Ms A specifically explained that because she was out of work, she was looking to enter the same arrangement again and for interest to be waived for another three-month period. She explained that she was able to make payments with support from her parents. The agent confirmed that – because she was making payments – there would be no benefit to a formal arrangement at that stage. Instead, they put in place another 30-day hold.

I've listened to the call that took place in December 2024. As she had in the previous call, Ms A explained that she'd previously been offered a three month hold on interest and wanted to do the same again. She mentioned this to the first agent she spoke to, and again after she was transferred to the financial assistance team.

Ms A explained during the call that she still wasn't working but was actively looking for work. I think the agent asked appropriate questions here to establish how long Ms A's situation was likely to continue and what sort of support she would need. Ms A said that her parents

were happy to support her with her payments – but this support would likely end when she started work, or potentially sooner if her situation didn't improve. Taking this into account I can see why the agent decided to offer an arrangement to pay. The agent explained to Ms A that it wouldn't pursue her for payments for the duration of the arrangement. They also mentioned that Ms A's credit score would show that she had a plan in place. While I'm satisfied this was disclosed to Ms A, it was commented on very briefly during a scripted explanation and I can see how she missed it.

Having said that, I don't think it would be fair or reasonable – in the individual circumstances of this complaint – to record an arrangement marker on Ms A's credit file.

Ms A told the agent on more than one occasion that she could continue making her required loan payments in full. While she later said she had no funds of her own to make payments, I think it was reasonably clear she meant she had no regular income to make payments independently, not that she couldn't – or didn't intend to – pay at all. Despite what she'd said about her own income, I don't think the agent had any reason to believe that Ms A wouldn't be able to make her payments for the next three months. Ms A's comments suggested the support from her parents could come to an end – but that this was by no means imminent. In fact, Ms A suggested her situation was likely to improve as she was hopeful about finding work in the new year.

At the start of the call – and multiple times throughout – Ms A referred specifically to the support she'd been offered in the past and suggested that the agent refer to the notes to see what had previously been agreed. She reiterated later in the call that she specifically wanted Lloyds to freeze interest on the loan. And when Ms A saw that arrangement markers were being recorded on her credit file, she contacted Lloyds to query this – even though the arrangement was still ongoing at that point.

All of this suggests to me that when Ms A contacted Lloyds it wasn't because she planned not to make the contractual payments or that she was looking for a formal arrangement – but because she wanted Lloyds to waive interest or place the account on a 30-day hold as it had previously done. From the call, I think it's likely Ms A went ahead with the plan because the agent had discouraged her from pursuing other options to alleviate interest – not because she couldn't pay. So, I think it's more likely than not that she didn't fully understand the implications and consequences of the arrangement. This is further supported by the fact that Ms A continued to make her payments as normal for the duration of the arrangement.

Under the arrangement, Ms A agreed to pay £0 per month for three months. This is what Lloyds reported on Ms A's credit file – but I don't think it's an accurate reflection of what happened here. For the reasons I've explained, I'm satisfied Ms A intended from the start to make her payments in full as she had been doing up to that point – and she made those payments each month until the arrangement came to an end. The payments she made included both the principle amount due and the interest.

Taking this into account, I don't think the information Lloyds is currently reporting is a fair reflection of how the account was managed by Ms A. Instead, I think a fair and reasonable approach would be for Lloyds to remove the arrangement markers from Ms A's credit file and to report that the payments were made in full – as they were.

To be clear, I'm not suggesting that Lloyds treated Ms A unfairly by putting an arrangement in place or that it failed to make the terms of the arrangement clear to her. Instead, I think some confusion on the call resulted in Ms A agreeing to the arrangement. So, I don't intend to require Lloyds to pay additional compensation as Ms A has requested. While Ms A has referenced a likely increase in future credit costs and declined applications as a result of the markers, I haven't seen any evidence of this – or of any other significant impact caused by

the markers. I think removing the arrangement markers represents a fair and reasonable outcome in the individual circumstances of Ms A's loan and complaint.

It's important to note that Ms A still has an obligation to make the contractually required payments under her loan – and that if payments are missed it might be fair for Lloyds to report those to credit reference agencies.

It's not disputed that Lloyds didn't correctly record Ms A's complaint – or that one of its agents inappropriately suggested that she 'enjoyed' an interest free period. As there's no disagreement about what happened here, I don't think I need to comment on this part of the complaint in detail. Lloyds paid Ms A £75 to recognise any upset caused by its errors – and I find this offer fair in the circumstances. As this payment has already been made, I don't intend to require Lloyds to do anything further in relation to this part of the complaint."

Responses to my provisional decision

Ms A said she accepted my provisional decision, and had nothing further to add.

Lloyds provided some further comments for me to consider, which I've summarised:

- While an arrangement to pay was reported, Ms A's credit file also reflects that the payments were made in full. The information it reports is therefore a factual reflection of what happened.
- It agreed to waive interest for the duration of the arrangement. It can't say for sure whether it would have agreed to waive interest had Ms A not agreed to the arrangement. Removing the markers might result in interest being re-applied to the account for the months in question.
- Ms A didn't make any payments in the months that a payment holiday was agreed (February and November 2024, April 2025) – but did pay when only the interest was waived (March and August 2024). This suggests she was aware of the difference between the forms of support it offered.

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'd like to thank both parties for responding to my provisional decision. I've considered Lloyds' comments. Having done so, I've reached the same overall outcome as outlined in my provisional decision.

I accept Lloyds' comment that Ms A's credit file reflects that the payments were made in full. However, it still reported a payment arrangement which will be visible to other lenders. For the reasons I've explained, while the arrangement marker is technically correct (as an arrangement was put in place) I don't agree that it's a fair or reasonable representation of how the account was managed. As I've noted, I'm not persuaded that Ms A had any intention of not making payments in the relevant months – or that an arrangement was necessary. To be clear, I'm not suggesting that lenders shouldn't apply arrangement markers if the contractual payments are made, but that in the individual circumstances of Ms A's complaint and loan I don't find it fair to do so.

I acknowledge that Lloyds agreed to waive interest for the duration of the arrangement – which was to Ms A's benefit. This is something I considered when reaching my provisional decision. Lloyds says it can't say for certain whether interest would have been waived had

the arrangement not been put in place. Ultimately, I'm satisfied Ms A called with the intention of asking Lloyds to waive her interest – as she made this clear multiple times. This is something Lloyds was able to offer in the past at Ms A's request.

I don't know for certain that Lloyds would have agreed to waive interest if not for the arrangement – but from what Lloyds has said it appears it might have done. Had Lloyds been able to demonstrate that an interest waiver was *never* an option for Ms A without an arrangement I might have found its suggestion fair, but it hasn't. Based on what Lloyds has said it's possible that an interest waiver could have been agreed had the arrangement not been suggested. And had Lloyds not suggested an arrangement to Ms A, it might have been able to give her an answer about this on the call as she originally asked it to. In these circumstances I don't find it fair – or reasonable – to suggest that interest should be re-applied to the account when the arrangement markers are removed. To be clear, I'm not requiring Lloyds to restructure Ms A's account in any way – it should simply remove the arrangement markers from her credit file.

Finally, Lloyds notes that Ms A didn't make payments when payment holidays were agreed – but did when it agreed interest waivers. Lloyds suggests this means Ms A fully understood the difference. Lloyds previously provided a copy of the letter it sent when it agreed a payment holiday (specifically from November 2024). This says *"We're pleased to tell you that your request for a repayment holiday has been accepted. This means that the payment due on 15 November 2024 will not be taken until 15 December 2024. This will happen automatically and there is no need to cancel your Direct Debit."*

Based on this, I'm satisfied the payment holiday was an automatic process after it was agreed by Lloyds. Ms A made her payments by direct debit, and it appears Lloyds didn't attempt to take a payment during the months a payment holiday was agreed. Based on everything I've seen, I'm persuaded Ms A simply allowed her payments to be taken by direct debit whenever Lloyds attempted to take them. That doesn't suggest that she deliberately chose to pay in some months and not others. When Lloyds later agreed to waive interest, this wasn't on the basis that Ms A didn't need to pay. The fact that Ms A acted the same way during the arrangement as she did when interest was waived supports my conclusion that she wasn't fully aware of the difference.

So, while I've taken Lloyds' comments into account my overall conclusions about the complaint remain the same. It follows that I require Lloyds to remove the 'arrangement to pay' markers from Ms A's credit file. As Lloyds notes, it's currently reporting that the payments were made in full – and it should continue to do so.

My final decision

My final decision is that I uphold Ms A's complaint. I require Lloyds Bank PLC to remove the 'arrangement to pay' markers reported on Ms A's credit file from December 2024 to March 2025. It should continue to report that these payments were made in full.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 29 December 2025.

Stephen Billings
Ombudsman