

The complaint

Miss S is unhappy with how Creation Consumer Finance Limited (“Creation”) administered her account.

What happened

The parties are familiar with the background of this complaint, so I will summarise it here, which reflects my informal remit.

Miss S took out a fixed sum loan agreement with Creation in May 2022. The agreement was for 48 months, with monthly repayments of £590.50. The total amount repayable was £28,344.

In 2024 Miss S’ personal circumstances changed, which affected her ability to maintain the contractual repayments. Although she continued to make payments and remained in contact with Creation, they weren’t always made on time, or for the full contractual amount.

In March 2025 Miss S spoke to Creation and agreed to make her usual monthly payment of £590.50 plus an additional £100 to reduce the arrears, making a total of £690.50. This arrangement was to run from March to September 2025. However, the March payment was not made, and in April 2025, while Miss S made some payments, these were less than £690.50 and didn’t clear the arrears.

Miss S then had a further discussion with Creation on 30 May 2025, during which she agreed to pay £2,038 by 27 June 2025. Again, although some payments were made in June 2025, this was less than what had been agreed.

As a result, Creation recorded Miss S’ credit file as being three months in arrears. Miss S said this was unfair because she believed she was in a payment arrangement and that her credit file should’ve reflected this instead.

Creation didn’t agree. In its final response, it said Miss S had not kept to either of the arrangements that were agreed, so it was correct to report the account as being in arrears.

When Miss S brought her complaint to this service, the investigator didn’t uphold it. They considered the account was in arrears and, as Miss S hadn’t maintained the agreed payment arrangements, Creation wasn’t wrong to report the account as being in arrears.

Miss S disagreed with the investigator’s view and asked for a final decision, so the case has now come 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.

Whilst I’ve read and considered everything, if I don’t mention any specific point, it’s not because I failed to take it on board and think about it, but because I don’t think I need to

comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role of resolving disputes with minimum formality.

I appreciate, since the investigator issued their view, Miss S has told our service that Creation has now sold the debt. If Miss S has any concerns about this, or is unhappy about anything that has happened, since the final response letter she should raise this with Creation in the first instance. In this decision, I am only able to consider the complaint Miss S originally complained to Creation about. That is whether it was fair for Creation to record three months of arrears on her credit file rather than an arrangement.

Having considered Miss S' circumstances, I don't doubt that she has been going through a difficult period, and I am sorry to hear this. From the evidence, I can see that in March 2025, when she was behind with her payments, she agreed to an arrangement with Creation. Under this agreement, it was agreed that Miss S would pay her contractual monthly payment of £590.50 with an additional £100 to clear the arrears starting in March 2025. That arrangement however was not kept to by Miss S. She didn't make the payments due in March 2025, and in April 2025 although she made some payments, the amount in total was less than what was agreed under that arrangement.

Miss S later agreed to a different repayment plan with Creation on 30 May 2025 to reduce the arrears on the account. She agreed to pay £2,038 on 27 June 2025. Although some payments were made, they were below the agreed amount and the account remained in arrears.

Credit reference reporting must accurately reflect the true position of an account. An account can only be recorded as being "in an arrangement" if a repayment plan is in place and the agreed payments under that plan are being maintained.

In this case, Miss S had already fallen behind with her payments. Although two repayment arrangements were agreed, she didn't meet the terms of either of them, as she didn't make the agreed payments. In these circumstances, I'm satisfied that Creation wasn't unreasonable in recording the account as three months in arrears as this accurately reflected the account status.

I've also considered whether Miss S was given a fair opportunity to resolve the situation before the arrears were recorded on her credit file. Creation's records show that it sent her communications about missed payments and arrears, encouraging her to get in touch. I'm satisfied that Creation kept her informed about her account and provided her with the opportunity to discuss the situation, or to take steps to bring the account up to date, before recording arrears on her credit file.

I appreciate that Miss S will be disappointed with this outcome. However taking everything into account, I am satisfied that Creation reported fair and accurate information to the credit reference agencies. I therefore will not be asking Creation to amend the credit file entries for those three months.

My final decision

I don't uphold this complaint against Creation Consumer Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 12 March 2026.

Farhana Rahman

Ombudsman