DRN-5992193

The complaint

Mr A complains Frasers Group Financial Services Limited (trading as "Studio") reported incorrect information about his Studio account to the credit reference agencies ("CRAs")

What happened

In 2018, Mr A opened a running credit account with Studio. Mr A experienced financial difficulty and missed several payments between late 2019 and early 2020.

On 20 March 2020, he received a default notice from Studio stating he was three months in arrears and had to pay Studio £48.82 to remedy the breach.

In March 2020, Mr A entered into a debt management plan (DMP) with a debt charity (which I'll call "S"). Studio was included as a creditor.

S proposed a reduced payment plan and Studio agreed to accept payments of £5 per month. S then helped manage Mr A's repayments under the plan.

Mr A said Studio should have defaulted his account around the start of the DMP, in line with what his other creditors had done. Instead, he said Studio marked his account as "delinquent" and recorded missed payments each month, despite him not having missed any payments between 2020 and 2025.

As he didn't think Studio acted fairly in the way it reported to the CRAs, he complained. He also asked Studio to backdate the default to around March 2020 and award compensation.

In its final response dated 13 August 2025, Studio said it was entitled to report missed payments to Mr A's credit file because he hadn't met his contractual repayments and, as a result, his account remained in arrears. It didn't think it reported wrong information to Mr A's credit file, nor did Studio agree it handled Mr A's account unfairly.

Our investigator agreed for broadly the same reasons. As Mr A disagreed, the complaint has come to me for a 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've summarised the complaint in my own words, and I won't be responding to every argument. No discourtesy is intended by this. Our rules allow me to do this given the informal nature of our service. If I've not mentioned something, it isn't because I've ignored it. Rather, I'm satisfied I only need to focus on what I consider key to reach a fair outcome.

Credit file reporting guidance

When a firm reports information to the CRAs, it must take reasonable care to ensure the information is fair, accurate and not misleading. There is also widely used industry guidance produced with input from the Information Commissioner's Office ("ICO") about how arrears, arrangements and defaults should be reported.

The guidance is incorporated in a document titled "Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies" (which I'll call the "Principles") and can be found on the ICO's website.

That guidance is not the same thing as a strict set of legal rules that dictates a single outcome in every case. It recognises different approaches can be fair depending on the circumstances. But it's a helpful benchmark for what is generally expected of lenders.

There are two core issues I need to consider here. Firstly, whether it was fair for Studio to report "missed payments" while Mr A's account was being paid under a DMP. And secondly, whether Studio ought to have recorded a default at (or shortly after) the start of the DMP.

Missed payments reporting

Mr A's point here is straightforward and understandable. He says he paid what was agreed under his DMP, and never missed any of the agreed payments. As such, he feels it was wrong for Studio to report "missed payments" to his credit file.

But it's important to distinguish between (1) paying what is agreed under a payment arrangement such as a DMP and (2) meeting the original contractual payment due under the credit agreement.

A DMP is an arrangement to accept reduced payments because a customer is unable to meet their contractual payments. So even where a customer maintains the DMP payments, it can still be correct to say the account is "in arrears" in contractual terms.

I'm satisfied Studio's reporting intended to reflect that distinction. In broad terms — Studio agreed to accept reduced payments through S, Mr A's payments under the DMP were lower than his contractual payments, and in contractual terms the account remained in arrears.

In those circumstances, reporting "missed payments" can be an accurate way of recording that the contractual payment had not been met. It's not necessarily (and I don't think it was intended to be) a reflection of Mr A not meeting his payment arrangement. And I don't think it would likely be interpreted as such by any future lenders, given Studio had also reported the account as being managed under a DMP.

Reporting the account as being under a DMP was crucial because the Principles, under Principle 3, says arrears may continue to be reported while an account is subject to a payment arrangement. Future lenders would likely be aware of this guidance and interpret the "missed payments" as Mr A simply not meeting his contractual payments.

I appreciate Mr A's concerns about how the information looks. But I'm not persuaded Studio's reporting of "missed payments" was inaccurate, inconsistent or unfair.

Recording a default

Mr A says Studio should have defaulted his account in March 2020, similar to how other creditors treated his other accounts in arrears. Recording a default in March 2020 would mean any adverse information associated with his account would fall off his credit file by

around March 2026 (six years after the date of default). And given the long-term nature of his DMP, he says a default would be a fairer reflection of what happened with his account.

Mr A also relies on the fact that Studio issued a default notice on 20 March 2020, which said he was three months in arrears and that a default would be applied if the breach wasn't remedied within 21 days.

Studio said it froze interest and charges and accepted reduced payments under an agreed DMP – payments that Mr A consistently maintained. In these circumstances, Studio didn't consider the relationship had broken down in the way a default is intended to represent.

Studio also said a key benefit of entering into a DMP is to avoid a default and the negative consequences that can follow, such as collections activity, a debt sale, or litigation.

On whether Studio ought to have defaulted the account, I think it's helpful to set out two points under the Principles relevant to this issue:

- Principle 4 says that, as a general guide, firms may record a default once an account is three months in arrears, and should generally do so by the time the account is six months in arrears.

- But Principle 4 goes on to say that if an arrangement is agreed, a default would not normally be registered unless the terms of that arrangement are broken.

Following the above, I don't agree with Mr A's argument that the guidance required Studio to default the account within a set three-to-six-month window regardless of the DMP. The guidance gives a lender discretion by the use of the word "may" and treats an "arrangement" (such as a DMP) as an exception to the general guidance that accounts should otherwise, at the latest, be defaulted once an account is in arrears for six months.

I think it's also important to note that Mr A never broke the terms of the arrangement, and so the obligation on Studio to consider filing a default under point 2 wasn't triggered.

However, I appreciate that under Principle 1, the information Studio reports to the CRAs must not only be accurate, consistent and complete — but also "fair". So the remaining issue for me to decide is whether Studio reporting the account as under a DMP only and not defaulting the account was fair.

As Mr A has put some emphasis on the default notice letter, I've considered its relevance here. I acknowledge the default notice said that if Mr A didn't repay £48.82 within 21 days of 20 March 2020, Studio said it would default his account. As he didn't make that payment, I agree it's accurate to say that Mr A hadn't remedied the contractual breach.

However, if a firm issues a default notice, and a customer then engages with the firm before the notice's deadline to try and come to a suitable arrangement, a firm may decide not to terminate the agreement and file a default with the CRAs. There's nothing in the statutory rules that say a firm is obligated to follow through with a default following such a notice.

From Studio's contact notes, I can see Mr A was proactive and on 25 March 2020 he contacted Studio (before the notice's 21-day deadline) to confirm S was setting up a DMP, following which Studio agreed to place the account on hold temporarily. Mr A's account was around three months in arrears at the time and hadn't reached the point where the Principles generally expect a default to be registered. A payment arrangement was then confirmed shortly after. In the circumstances, I find that Studio acted fairly by giving Mr A more time to come to an arrangement before deciding to terminate the agreement and register a default.

I've also thought carefully about Mr A's specific circumstances, the state of his account, and the length of the arrangement itself — and whether from a fairness perspective Studio ought to have decided to default the account around March 2020 or soon after.

I can see that under the terms of the DMP, Mr A had to pay £5 per month towards a starting balance of just over £300. As Studio agreed to freeze interest and charges, at that rate it would take Mr A a little over five years to repay the balance.

I understand why Mr A feels a default was appropriate given the likely length of the DMP. But I don't consider a repayment period of around five years, in itself, so exceptional that it inevitably indicates the relationship has (or will eventually) fail. And after taking all the circumstances into account, I'm not persuaded it would be fair to expect Studio to have treated this as a broken relationship in the way a CRA default is intended to represent.

Studio's approach to accepting the DMP and freezing interest and charges throughout the plan appears to have a rehabilitative purpose. It provided a viable route for Mr A to address what I'd consider to be a relatively small debt within a reasonable time.

Taking all this together, I think it was fair and reasonable for Studio to simply report the account to the CRAs as under a DMP — instead of treating the relationship as having broken down and registering a default at that point. The reporting accurately reflected how Mr A managed his account and I'm not persuaded the approach Studio took was unfair.

I note that Mr A maintained the plan and Studio has written off the remaining £12 balance. For all the reasons I set out above, I won't be asking Studio to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 March 2026.

Alex Watts
Ombudsman