

## **The complaint**

Miss T complains about how Creation Consumer Finance Ltd has reported to her credit file.

## **What happened**

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Miss T took out a fixed sum loan for furniture from Creation in May 2023. However, she says she lost her job in 2024 and went on Universal Credit. She said she contacted Creation around this time for help making reduced payments to her loan. As a result it put her on a reduced payment plan in May 2024.

Miss T eventually got back to making full payments and began to clear the outstanding arrears. However, she is unhappy with how this situation has been reflected on her credit file. In summary, she says her credit file just shows she has missed payments – which isn't the case as she was in an arrangement with Creation.

Miss T complained to Creation. It responded to say that its reporting to credit agencies was correct. However, it had accepted it made an error in reinstating a Direct Debit when she called in November 2024 to set it up. It offered to pay her £100 compensation for this.

When the matter was referred to this service Creation clarified that in addition to the compensation it would remove any detriment on Miss T's credit file because of its failure to reinstate the Direct Debit. Our investigator looked at the case and considered Creation had acted fairly.

Miss T wants an ombudsman to look at things for a final decision. In summary, she says she did not agree for missed payments to be added to her credit file and Creation misled her. She says this reporting has caused her to have her credit limit reduced on other accounts. She says she wants compensation for the unnecessary distress and anxiety this matter continues to cause her. She does not think the £100 Creation has paid toward her arrears to date is sufficient compensation.

I issued a provisional finding which said:

### ***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.*

*While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.*

*In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.*

*In this case I consider particularly relevant what the Information Commissioner's Office ('ICO') says in respect of the reporting of arrears, arrangements and defaults at credit reference agencies.*

*Is Creation's reporting an accurate reflection of what occurred here?*

*The ICO says credit files should accurately reflect what occurred on the account. It also doesn't appear to be in dispute that the Direct Debit stopped servicing the required loan instalments due to Miss T cancelling it as a result of financial difficulties, rather than an error at Creation's end. So, on the face of it Creation reporting adverse information relating to Miss T not meeting the contractual payments agreed under the terms of the loan is not an unfair reflection of the account status at the time this occurred.*

*I note Miss T says she agreed a reduced repayment plan with Creation and was told this would reflect on her credit file. Creation says the plan was agreed for 3 months from May 2024 to July 2024. Whereas Miss T says she understood it being from June 2024 to August 2024. I don't have a copy of the call to verify exactly what was agreed. However, I note that on the copy of Miss T's full credit file the reporting shows the account as being subject to an 'arrangement' from June 2024 to July 2024. In the circumstances, I think this is broadly fair and functions to show potential lenders that Miss T engaged with Creation to continue repaying her loan albeit via lower repayments for a brief period.*

*As a result of Miss T paying less than the contractual amount from May 2024, it follows that she would still be in arrears when the plan ended. This would need to be fairly reflected on her credit file too. I can see from her file the account shows as in two months arrears around the time the plan ended in August 2024. And those arrears continue as Miss T pays them off gradually (until they appear to end in June 2025). This appears to be a broadly fair reflection of what occurred here based on the information I have.*

*Miss T says from August 2024 until the arrears were paid off this was showing on her report as missed payments and that this isn't accurate. From what I can tell Miss T was looking at a summary of her account record from a certain provider rather than her full credit file (which is what potential lenders will see). Her full credit file, which this service obtained later, appears to accurately reflect what occurred here – showing Miss T was in a plan – and reflecting her repaying the arrears off over time. And while certain providers might report things differently – I am not persuaded that Creation was acting unfairly for continuing to report the account as not up to date until the arrears were cleared (as reflected by a copy of the full credit file).*

*I find some aspects of Creation's explanation regarding the rationale for particular reporting to be unclear. However, ultimately I am satisfied that Miss T's credit file accurately reflects that she was not repaying the full contractual payments through a short-term repayment plan and that this led to arrears which meant the account was not brought up to date until sometime later.*

*Is there some other reason that it wouldn't be fair for Creation to report things in the way it has done?*

*Miss T says Creation didn't make her aware of the way it would report her account. I don't have a copy of the call where this was discussed (Creation says it doesn't have it) but from what Miss T has said Creation did at least make her aware that there would be some impact on her credit file from entering a repayment plan. And that this plan would be recorded on her credit file.*

*Miss T says she wasn't aware Creation would report missed payments. But, as I have already said – I am not persuaded that Creation has simply reported the situation as 'missed*

payments'. It recorded her as subject to a temporary plan to go some way to showing the context behind what had occurred here. I appreciate Miss T indicates Creation didn't explain that certain information would continue to show on her file after the plan ended. Or explain the way arrears might appear on certain reporting. However, even if I accept that Creation had not explained things fully here (and that isn't clear) I note Miss T has not provided persuasive information to show she would have been in a position to have acted differently – it appears that she was not able to continue full repayments at the time due to her financial circumstances changing quite drastically.

I note there appeared to have been some confusion about when the plan was due to end so (looking at the payment schedule) it appears Miss T didn't return to making full payments in August 2024. But I don't see this has resulted in additional reporting on her credit file - as Miss T would have been in just over two months of arrears at this stage in any event. However, it appears that because of Miss T not returning to full repayments Creation charged her a £30 late payment fee. I am not persuaded Creation properly communicated to Miss T when the plan was due to end in writing or otherwise so it should fairly remove this late fee from the account. Furthermore, if removing this fee means the record of arrears changes it should update its credit reporting as appropriate. It also seems like as a result of the repayment plan lapsing without an agreed plan for arrears repayment Miss T got some collections activity directed toward her that wouldn't have occurred otherwise. So I think this needs reflecting in any award for distress and inconvenience.

I note Miss T's credit file shows that the arrears record goes up to three months in December 2024. From what I can tell this appears to be because of an error setting up a Direct Debit in November 2024 and an additional missed contractual repayment increasing the arrears. Creation does not dispute that it is at fault for this and has agreed to remove the additional adverse reporting. Our investigator thought Creation had done this – but I don't see evidence of it and note that the credit file I have seen shows three months of arrears in December 2024 rather than two. So Creation should amend Miss T's credit file to correct this additional reporting from December 2024 if it hasn't already done so. However, despite what Miss T has said there isn't any persuasive evidence that this error has specifically caused a wider financial loss for her.

Creation has already credited Miss T with £100 compensation for what has happened here. Looking at what occurred a main error by Creation appears to be in respect of the Direct Debit not being set up which caused a payment to bounce and frustration for Miss T. However, the information here indicates Creation was not as clear as it could have been when the initial repayment plan came to an end which appears to mean a plan for the arrears repayments was not confirmed and certain collection letters went out that probably would not have otherwise. I think the information Creation appears to have reported to Miss T's file is broadly fair so I don't agree that Creation is liable for compensation related to long term distress. However, in the round – and after considering what our website says about the sort of awards made for distress and inconvenience, I think the £100 Creation credited to Miss T's account is not sufficiently fair here. I think that Creation should directly pay Miss T an additional £50.

### **My provisional decision**

Creation Consumer Finance Ltd should

- rework the account to remove the £30 late fee applied toward the end of July 2024 and amend any arrears reporting as appropriate;
- remove the additional adverse reporting from December 2024 which was a result of its error in setting up the Direct Debit; and
- directly pay Miss T an additional £50 compensation.

Creation agreed with my provisional finding.

Miss T responded to say, in summary:

- She does not have confidence that Creation will carry out what has been asked of it in respect of her credit file.
- Various credit agencies show the same thing regarding missed payments being recorded – what assurances does she have this will not '*stain*' her credit file for the next six years.
- £50 compensation is not representative of the pain stress and anguish she has gone through due to this matter including receiving letters regarding collections.
- The provisional decision states she did miss one payment and this is incorrect and needs amending.

### **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.

Neither party has given me cause to change my provisional findings – which I still consider fair for the reasons already given (above). These findings now form my final decision alongside the points below:

I understand Miss T is concerned as to whether Creation will carry out the instructions here – however, my decision is legally binding on Creation if she accepts it.

I note what Miss T says about other credit agencies displaying missed payments on her file. However, from the full credit file I have seen I am satisfied that Creation is accurately reporting Miss T's situation. In summary, that she was in arrears on the account for a period – and that this stemmed from an agreed repayment plan where she was paying less than the contractual amount for a short period. Creation cannot influence exactly how information is displayed across all the credit reference agencies – but I am satisfied that it has broadly reported true and accurate information here.

I know Miss T refers to £50 not being enough to represent the distress and inconvenience here. I agree £50 is not sufficient alone – but I have considered the £100 that has already been credited to her account. I had also considered the letters which Creation sent her about passing the account to collections when it appeared there was no plan in place for repayment of the arrears. However, after doing so (and noting that compensation is not a science) I still think that my direction is fair and reasonable.

I note Miss T says my decision incorrectly states she missed a payment. From the account statement I can see a contractual payment was missed in November 2024 which appears to have led to additional arrears reporting in December 2024 but I am not saying that Miss T is at fault here. That appears to have been the fault of Creation in not setting up the Direct Debit properly. For this reason I have directed it to amend her credit file to remove any adverse reporting arising from this mistake.

### **Putting things right**

As set out below.

## **My final decision**

Creation Consumer Finance Ltd should

- rework the account to remove the £30 late fee applied toward the end of July 2024 and amend any arrears reporting as appropriate;
- remove the additional adverse reporting from December 2024 which was a result of its error in setting up the Direct Debit; and
- directly pay Miss T an additional £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 12 January 2026.

Mark Lancod  
**Ombudsman**