

The complaint

Mr C complains that Creation Consumer Finance Limited (“Creation”) unfairly recorded missed payment markers and a default on his credit file in relation to a regulated credit agreement.

What happened

In July 2025, after Mr C lost funds from his bank account due to fraud, Mr C’s bank contacted Creation to cancel his existing direct debit with Creation. Mr C also explored entering into a debt management plan (“DMP”).

On 12 August 2025, Mr C told Creation he had cancelled the DMP and wanted to set up a new direct debit from a different bank account. Creation said it was too late to set up a new direct debit for the payment due on 22 August 2025, so he would need to make that payment manually. It said a new direct debit would be set up from September 2025.

Mr C didn’t make the August 2025 payment by the due date. Creation later recorded a missed payment marker for August 2025 with the credit reference agencies (“CRAs”). Creation also later sold the debt to a third-party debt collection agency. It then recorded a default, and a further missed payment marker for September 2025.

Mr C complained to Creation. In summary, he said emails reminding him about the missed payment went to his spam folder and Creation should have allowed more time before recording adverse information on his credit file. Creation didn’t uphold the complaint.

Our investigator thought Creation had fairly reported the missed payment marker relating to the August 2025 missed payment to the CRAs. But that Creation should not have reported any further missed payment or default markers. She asked Creation to remove those entries from Mr C’s credit file and pay him £300 for the distress and inconvenience caused.

Creation accepted that outcome. Mr C didn’t. He says the adverse information affected his ability to sell or remortgage his home and he thinks he should receive more compensation. So the complaint has been passed 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 less detail than the parties have. No discourtesy is intended by that. I’ve considered everything both sides have said and sent, but I’ve focused here on what I consider is key to a fair outcome.

Having done so, I uphold this complaint in part. I’ll explain why.

When a firm reports to the CRAs, it needs to take reasonable care that the information is fair, accurate, complete, and up to date. 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.

That guidance is contained in the document called "Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies". I don't treat this guidance as a rigid set of rules which determines every case. But it is a useful benchmark for how lenders ought to act when reporting information to the CRAs.

There are three issues for me to decide here. Firstly, whether Creation acted fairly in reporting the missed payment markers to the CRAs. Secondly, whether it acted fairly in reporting the default when it did. And thirdly, what Creation should do to put things right.

August 2025 missed payment marker

Under the credit agreement, Mr C was required to make his monthly payment by the due date. There is no real dispute that the payment due on 22 August 2025 wasn't made on time.

So the starting point is that Creation was entitled to report that missed payment, to accurately reflect that the account had fallen into arrears after 22 August 2025, unless doing so was unfair in the particular circumstances.

I understand why Mr C feels strongly about this. He had been dealing with the consequences of fraud on his bank account. He says he thought the direct debit that had been set up would cover the 22 August 2025 payment, and he didn't see Creation's emails about the missed payment because they went into his spam folder. However, I'm not persuaded that makes the August 2025 marker unfair given the overall circumstances.

During the call on 12 August 2025, Creation told Mr C it was too late for a new direct debit to collect the payment due on 22 August 2025, and that he needed to make that payment manually. So I think Mr C had clear notice, before the due date, that the August payment still had to be made separately and that the direct debit wouldn't cover it.

I can also see Creation had emailed him on 24, 29 and 31 August 2025, after the payment had been missed and before the missed payment had been reported to the CRAs. I appreciate those emails went to Mr C's spam folder, but I haven't seen anything to show that happened because Creation had done something wrong.

I've also thought about Mr C's argument that Creation should have waited for a 30-day grace period to pass before reporting the August 2025 missed payment to the CRAs. I appreciate he found information about a 30-day grace period online, as well as from a report produced by artificial intelligence on when lenders should report missed payments to the CRAs. However, like our investigator I've not found any mandatory 30-day grace period mentioned by the ICO or other regulatory guidance. Nor does Creation have one as a matter of policy.

So overall, I'm satisfied the August 2025 missed payment marker is a fair and accurate reflection of what happened. I won't be asking Creation to remove it.

September 2025 missed payment marker

Creation accepts that the missed payment marker relating to a missed payment in September 2025 shouldn't remain, because a direct debit had been set up to cover that payment, but payment hadn't been taken. In the circumstances, I agree it would not be fair for that marker to stay on Mr C's credit file.

A copy of Mr C's credit report shows Creation have now removed the marker, but to be clear, I find that the only missed payment marker that should remain on Mr C's credit file after July 2025 is the one relating to the August 2025 missed payment.

Default marker

The relevant guidance indicates that a lender would not ordinarily record a default until an account is around three to six months in arrears.

Here, Mr C missed one monthly payment due on 22 August 2025. But later that same month, Creation decided to sell the debt to a third-party debt collection agency and went on to record a default before three months of arrears had built up.

Creation more recently accepted it defaulted the account and recorded it too early. Having considered the wider evidence, I agree.

I'm satisfied Creation should ensure the default marker is removed from Mr C's credit file.

Putting things right

Mr C says £300 compensation doesn't reflect the inconvenience Creation put him through, and the impact the adverse information had on his ability to sell or remortgage his home.

I've carefully considered the evidence Mr C submitted to our service. This includes text messages from his mortgage adviser, discussing how much he can sell his house for, how much was left on the mortgage, and putting his house "back on the market" in the new year. He also provided a screenshot of his credit report, showing an existing default that had "high impact" on his credit score. Though I also note the credit report also shows other adverse factors on Mr C's credit file which may affect any lending decisions.

While I accept the evidence shows Mr C has taken steps towards selling his house, I haven't seen persuasive evidence that Mr C has gone through the process of a mortgage application, and as a result of the default and missed payment markers, the application was declined or that credit was offered on less favourable terms. Nor am I persuaded the markers caused a house sale to fall through, or caused Mr C financial loss.

That said, I do think Creation caused Mr C more than a minor inconvenience here. Adverse information was recorded on his credit file that shouldn't have been there. Mr C then had to spend a lot of time and effort working out what had happened, and then wait for the position to be corrected. I accept this would have also been particularly upsetting given he had been trying to get this account back on track, while dealing with the fallout from the fraud on his bank account at the same time.

I also need to bear in mind the first missed payment marker following the August 2025 missed payment was fairly recorded and should remain. So I can't fairly compensate Mr C for the impact this adverse marker had on him.

Compensation isn't a science, but in deciding what's fair I've considered everything the parties submitted, the guidance on our website, and all the circumstances here. Having done so, I agree with our investigator that the £300 compensation she recommended is a fair reflection of the distress and inconvenience Creation caused Mr C by unfairly reporting the default and the second missed payment marker to the CRAs.

My final decision

For the reasons I've given, I uphold this complaint in part and direct Creation Consumer Finance Limited to, if it hasn't already done so:

- Remove the default from Mr C's credit file
- Remove the second missed payment marker, relating to the September 2025 missed payment, from Mr C's credit file
- Pay Mr C £300 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 May 2026.

Alex Watts
Ombudsman