

The complaint

Mrs C complains Zempler Bank Limited recorded adverse information on her credit file in relation to an overdraft.

What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. In summary, Mrs C holds a current account which included an overdraft with Zempler.

In February 2025, Zempler placed a credit freeze on Mrs C's account due to what it said was her repeated use of the overdraft facility. Zempler said the credit freeze meant no further interest or charges were applied to Mrs C's account, and it asked that she get in touch to discuss the account.

In June 2025, Mrs C cleared the overdraft balance and complained to Zempler. She was unhappy with the steps it had taken and that it had reported her account was in an 'arrangement' to credit reference agencies (CRAs) since February 2025.

Zempler said it was reasonable in its decision to place the credit freeze. As Mrs C had repaid the overdraft balance, it offered to remove reporting of the arrangement from February to June 2025 from her credit file.

Unhappy with Zempler's response, Mrs C referred her complaint to our Service. One of our Investigator's looked into things – while considering the complaint, Zempler made an offer of £100 compensation, alongside its offer to remove details of the arrangement. Our Investigator considered this offer fair, so didn't recommend Zempler do anything further.

Mrs C disagreed with our Investigator's conclusions. Mrs C raised further concerns about information Zempler had recorded with CRAs, she also said the compensation didn't fairly reflect the upset caused.

As the matter wasn't resolved, the complaint has been passed 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.

I've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

I think it's important to start by confirming the scope of what I'm considering within this decision. I note Mrs C has raised further concerns about Zempler while the complaint has been with our Service. I'm however limited to considering the complaint that was originally referred to our Service, which is also the complaint Zempler was previously asked to

consider. I can therefore confirm in this decision, I'll be reviewing whether Zempler acted reasonably in the information it passed to CRAs following the credit freeze in February 2025.

If Mrs C has further concerns about Zempler, these would first need to be raised with the firm directly. If Mrs C remains unhappy with Zempler's response, she can refer these concerns to our Service as a separate complaint.

Moving then to the circumstances of this complaint, Zempler, like all financial firms has a duty to ensure that any credit it provides remains affordable to its customers. Mrs C's account hadn't been in credit, meaning she was utilising her overdraft since July 2019. So, I think it was reasonable that Zempler took steps to try and discuss this with Mrs C in February 2025, when also applying the credit freeze.

Mrs C then repaid the overdraft by the end of June 2025, while the credit freeze remained in place. During this period Zempler reported that Mrs C's account was in an 'arrangement' to CRAs. I haven't however seen evidence that Zempler made Mrs C aware it would report her account was in an arrangement during this period, or that Mrs C was given an opportunity to take steps to avoid the arrangement being recorded.

In response to Mrs C's complaint Zempler offered to remove reporting of the arrangement to CRAs. I find this reasonable in the circumstances and is what I'd likely have recommended, had Zempler not offered to do so. So, while I think Zempler may have initially made an error, I then find its response to Mrs C's complaint to be fair in the circumstances.

I've taken on board Mrs C's concerns that the reporting of the arrangement may have negatively impacted her, had she looked to obtain credit from another lender. I'm not however aware of Mrs C attempting to obtain further borrowing while Zempler was reporting the arrangement or that she suffered a loss as a result of this. When determining a fair outcome to a complaint, I must make my decision based on what happened, rather than what could have happened and I haven't seen that Zempler's actions caused Mrs C a direct financial loss.

However, while Zempler said it would remove the record of the arrangement from Mrs C's credit file, it made an error and recorded the account as 'Settled' in February 2025, rather than removing the arrangement and reporting that the account remained open.

My understanding is Zempler has amended the information it's recorded, which means the arrangement has now been removed. To apologise for this error Zempler has offered Mrs C £100 compensation.

While I appreciate it would have been disappointing to Mrs C to find different information on her credit file, I find this offer reasonable and in line with how our Service awards compensation. I haven't seen that this error had a further financial impact on Mrs C and while I acknowledge it will have been concerning to see different information recorded on Mrs C's credit file, I think Zempler has taken reasonable steps put things right. I therefore don't find Zempler must pay further compensation than the £100 it's already offered.

My final decision

For the reasons I've explained above, I uphold this complaint and direct Zempler Bank Limited to remove mention of the payment arrangement from Mrs C's credit file for February to June 2025 if it hasn't already done so. I also direct it to pay Mrs C £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 26 February 2026.

Christopher Convery
Ombudsman