

The complaint

Mr M complains that MONEYBARN NO.1 LIMITED (Moneybarn) reported adverse and worsening information to his credit file during a Covid payment holiday.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr M entered into a conditional sale agreement with Moneybarn in February 2020. He missed a payment in March 2020. In May 2020 Moneybarn approved a three-month payment holiday for him that was subsequently extended. They continued to report the account in one month of arrears during that payment holiday as the arrears were not paid.

Mr M complained to Moneybarn. He explained that the Financial Conduct Authority (FCA) guidance at the time (FG/20) required firms not to report a worsening status to the Credit Reference Agencies (CRA) during a Covid deferral period.

Moneybarn didn't agree with Mr M. They said the account was one month in arrears before the payment break and that they continued to report it as such throughout.

When Mr M referred his complaint to this service our investigator didn't think Moneybarn had been unreasonable. Mr M disagreed and his complaint has therefore been referred to me, an ombudsman, for a final 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 agree with the investigator's view of this complaint and for broadly the same reasons.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

In April 2020 the FCA issued guidance to firms issuing regulated motor finance credit agreements such as the conditional sale agreement Mr M had with Moneybarn. That guidance covered Covid payment deferrals. In respect of credit reporting it said:

"...firms should not report a worsening arrears status on the customer's credit file during the payment deferral period."

Mr M was one month in arrears before his Covid payment holiday began and Moneybarn explained to Mr M that they would freeze the status of his credit file throughout the payment deferral period. I think they did that as they continued to report the account as one month in arrears throughout the payment deferral period. I think that was in line with the FCA guidance and I don't think it was the case that they were reporting a worsening arrears position. To only report the arrears before the payment break started and not to report the account as in arrears during the payment break would not be an accurate reflection of the account position as it remained in arrears. Moneybarn didn't report the arrears as ageing as would be the case if they were reporting a worsening position.

Mr M relies on guidance provided by the Steering Committee on Reciprocity (SCOR) that supported the implementation of the FCA Covid guidance. The key purpose of the SCOR Covid instructions was to prevent firms from recording new missed payments during a deferral; or allowing arrears to progress or escalate as a result of the deferral. I think the concern about re-reporting was aimed at situations where repeated monthly reporting worsened (for example rolling from one month in arrears to two and then three or where each month was considered a fresh missed payment). I don't think that was the case here and even if I'm wrong with my interpretation of that guidance I still think Moneybarn's reporting of Mr M's account position was fair here as it accurately reflected his account status and didn't show it was worsening.

I'm not persuaded there has been a breach of the FCA's PRIN rules as Mr M has suggested. I don't think Moneybarn's communication was unclear or misleading (PRIN 6). It didn't suggest the arrears marker would disappear only that it wouldn't worsen, and it didn't. Nor do I think that it treated Mr M unfairly (PRIN 7) as Mr M didn't emerge from the payment deferral in a worse credit file position than he entered it. The reporting was consistent with the applicable guidance.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 February 2026.

Phillip McMahon
Ombudsman