

The complaint

Mr G complained that, after he missed one monthly mortgage payment to Ecology Building Society, it repeatedly marked his credit file. Mr G said Ecology initially accepted this was a mistake, and corrected his file, before telling him it hadn't been wrong after all.

What happened

Mr G said he knew he'd missed a payment to his Ecology mortgage in May 2024, but he'd spoken to Ecology after that, and it had said as long as he kept up with his payments after this, he could pay the arrears later. Mr G said Ecology told him this shouldn't be a problem.

Mr G said he needed to remortgage, but he'd then discovered other lenders wouldn't offer him any borrowing. He said he was repeatedly declined for a remortgage, or only offered higher rates. He said he'd found out Ecology had been marking his credit file with missed payments for months, although he'd only ever missed one payment. Mr G said Ecology had since sorted out its mistake, but he still wasn't able to get other lending. Mr G said he had too many other searches on his credit file, so wouldn't be able to secure other lending now.

Mr G said Ecology was now saying his credit file would be affected by the May 2024 arrears after all. He showed us a credit file which recorded arrears in June, September, November and December of 2024, and Mr G said those marks were now appearing each month.

Mr G said there should be only one missed payment, for May 2024. He said he kept getting these mistakes corrected by Ecology, then they kept happening again every month. He sent us another credit file report, showing missed payments in May 2024, and again in February 2025. So Mr G said this was still going wrong.

Mr G said most recently, Ecology told him there hadn't been any mistake on his credit file after all. He said that completely and flatly contradicted what it had told him before. And Mr G said if Ecology had said this earlier, then he could have cleared the arrears long ago.

Ecology sent us two complaint response letters which it had sent to Mr G in March 2025. Those letters, taken together, explained to Mr G that he would need to clear the arrears on his mortgage if he wanted his credit file to be clear in future.

Ecology referred to having "inadvertently positively impacted" Mr G's credit file. But it said his credit file should show a reoccurring "1" since May 2024 when he originally missed the monthly mortgage payment owed to it. Ecology said that number referred to the one outstanding payment, and this would continue to show on Mr G's credit file until the payment had been brought up to date or the mortgage redeemed.

Ecology said it would now be contacting credit reference agencies to make sure this one missed payment showed on Mr G's credit file from May 2024 until now, because the mortgage was still in arrears. Ecology said it had alerted Mr G to the consequences of these arrears a number of times. It acknowledged there had been some confusion, which it put down to differing uses of terminology. Ecology said it would like to offer £50 as a goodwill gesture, to repay any costs Mr G may have incurred when obtaining his credit report.

Our investigator thought this complaint should be upheld, because she thought Mr G's credit file should only show one missed payment, for May 2024. Ecology said that was wrong, and it wanted this complaint to be considered by an ombudsman.

Because no agreement was reached, this case came to me for a final decision. I then considered this case, and I reached a provisional decision.

My first provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

Before I start this decision, I should note that our service has asked Ecology to comment on how and why it "inadvertently positively impacted" Mr G's credit file, and to send full details of its initial investigation into the marks on Mr G's credit file, when it wrongly decided to amend his file. Ecology hasn't supplied that information. So I don't know exactly how and when its mistake was made.

Mindful of the time that Mr G has waited already for a decision from our service, and of his desire to remortgage, I am providing this provisional decision on the basis of the evidence our service has currently. However, if either side then supplies further evidence or argument, I will take that into account before finalising this decision. So I would caution both sides that my decision may change.

Mr G sent us a number of copies of his credit file. He said Ecology had reported a negative mark in June 2024, presumably in reference to his May missed payment. There was then apparently no reporting for July and August 2024, but then a negative mark in September.

Mr G told us he had spoken to Ecology then, and been reassured that his credit report would be unaffected if he kept up with his monthly payments. He said there was no negative mark in October, but then negative marks started appearing again from November onwards.

Mr G said this was quite wrong. He thought there should be one adverse entry for his mortgage with Ecology, recording that he'd missed a payment in May 2024. Mr G said he accepted that was right, he had missed a payment then. He thought the problem was this missed payment kept popping up again on his credit file. He showed us his credit file had at times recorded missed payments for June, September and November 2024, then after this was rectified the missed payment popped up again in January 2025, and in February 2025.

So Mr G has shown us that his credit file has repeatedly been amended by Ecology. Ecology hasn't told us when it made these changes for Mr G. Because there is a single negative marker in June 2024, and then nothing until September 2024, I think it's likely that Ecology started making these amendments for Mr G, in September 2024, as he has said. And I think it's likely that these amendments continued until Ecology issued the two complaint response letters I've referred to above, in March 2025.

Mr G said he'd applied for a mortgage elsewhere in December 2024, and in January and March 2025, but these fresh missed payments were stopping him from being approved. He said he now had so many failed credit searches recorded on his credit file that he wouldn't be able to remortgage anyway, even if Ecology finally did fix the missed payment problem.

Mr G wanted Ecology to fix whatever was going wrong with its credit file reporting, and he said he also wanted a six-month payment holiday, so that the effect of Ecology's mistakes could be removed from all the credit reference agencies, and so that the repeated recent credit searches were no longer preventing him from obtaining a mortgage elsewhere.

As there has been some confusion as to what Mr G's credit file ought to show, I'd like to start by explaining what I would ordinarily expect to see. I would expect that, if Mr G missed a payment in May 2024 (which he accepts he did, and I'm satisfied he did) then his credit file ought to show his payments are one month in arrears, until the arrears resulting from that missed payment are reduced to less than the total due for one of Mr G's monthly payments.

That's because what Ecology is supposed to report to credit reference agencies isn't whether or not Mr G has missed a payment in each particular month. It's whether he is, overall, behind schedule on his monthly payments. So in the month he misses a payment, Ecology will report "1" to the credit reference agencies, to show that he is one month behind.

If Mr G were then to miss his payment again in the next month, then Ecology should report "2" to show that he's two months behind. But if Mr G then started his payments again, that doesn't mean his credit file would be clear for the next month. Assuming he paid all of his subsequent payments, however, he didn't also pay some extra to reduce his arrears so they add up to less than one month's total payment, Ecology should then continue to report a "1" showing that Mr G is one month in arrears on his mortgage.

So when Ecology said that Mr G's credit file should show a "1" since May 2024, it was right about how Mr G's mortgage should have been reported to credit reference agencies.

Ecology should have recorded that "1" for arrears, reflecting the missed payment in May 2024, for each month after that. It didn't. It looks as if Ecology failed to record the arrears for July and August, but did then report arrears in September. It also looks as if Ecology then cleared the September 2024 reporting in response to Mr G's complaint.

Ecology started reporting again November, and appears to have made a number of amendments to remove arrears again after this.

If it's right to say that Mr G's arrears were at least equal to the amount he's supposed to pay for this mortgage each month, then for all of this time, Mr G's credit file should have showed arrears of "1". (Different credit reference agencies will show this in differing ways, and it's not unusual for arrears on a credit file to start reporting a month after the payment was missed – Ecology isn't responsible for those things.)

But that doesn't mean it's fair and reasonable for Ecology to amend Mr G's credit file now to show arrears dating back to May 2024. Whilst a number of things are not clear here, two things do seem to be clear.

The first is that Ecology reported arrears for May 2024, but then didn't report those in the next couple of months. This meant Mr G assumed the reference was just to one missed payment. This contributed to the above misunderstanding, and it also delayed Mr G's first efforts to address this problem.

The second is that when Mr G complained about Ecology's markers on Mr G's credit

file, rather than explain the above position to him, instead Ecology removed the negative mark.

Mr G was subsequently deeply disappointed to find the negative marks recurred after this, and considered Ecology had made a grave error in its credit file reporting. I think this further delayed Mr G resolving the core problem, which is the arrears on his mortgage.

So Ecology has made two mistakes, both in the reporting it has actually made, and in not explaining its reporting to Mr G at the earliest opportunity. Because of this, Mr G was left repeatedly expecting his credit file to be cleared. I think this is why Mr G hasn't yet made up the outstanding mortgage payment. It's because Ecology didn't report the missed payment properly at the outset, and then didn't explain to him why he needed to make up the payment.

I think this is also why Mr G has a number of hard searches on his credit file now, from failed attempts to remortgage elsewhere. This will affect Mr G's chances of obtaining credit in future, and I'm not able to require that other lenders remove these, as part of this decision.

Ecology said it had warned Mr G that the arrears would impact his credit file. And I do appreciate Ecology has sent Mr G a number of letters which say his credit file may be affected by the arrears on his mortgage. But I don't think these were sufficient to set things right, if Ecology had also told Mr G directly, on the phone, that the negative marks on his credit file were a mistake.

I think if Ecology had properly recorded these arrears on Mr G's credit file, and had also properly explained things to Mr G, he would have made up this mortgage payment some time ago. I think it's likely that, if Ecology had properly recorded the arrears on Mr G's credit file, he would have contacted it well before September 2024 about those marks.

I think that in this scenario, Mr G would have contacted Ecology about the marks on his credit file by July 2024. And if he'd had a proper explanation of what had gone wrong then, he would have reduced the arrears to less than one month's total, at that time, so his credit file was no longer affected.

I also think it's likely if Ecology had explained things to Mr G when it did speak to him in September 2024, he would then have reduced the arrears to less than one month's total.

I understand that Mr G would have found it difficult to clear these May 2024 arrears earlier. However, I think Mr G may find this even more difficult now.

I can also see that Mr G has asked for a temporary change to interest-only, on his mortgage. Ecology appears to have refused this since March 2025, perhaps more than once as it has sent us three undated responses turning down Mr G's request. I note Ecology did sign up to the Mortgage Charter. I don't know if Mr G has previously changed his mortgage to interest-only under the flexibilities that Charter put in place. If not, then it seems likely Ecology would have approved this request for Mr G, if he had not been in arrears.

I can't say that it's most likely that Mr G would already have secured a new mortgage elsewhere if he had not had several months of problems with his credit file. His credit file does show a considerable amount of unsecured credit, including multiple credit cards just under their limits. That suggests he may always have had difficulties securing the

lending he wanted, even without Ecology's mistakes. But mortgage arrears do have a particularly significant impact on lenders' decisions about mortgage lending, so I cannot rule out that Mr G may have been able to secure lending elsewhere if Ecology had not made mistakes here. Although his chances of successfully remortgaging may always have been small, if his credit file was clear then he may have been able to interest a non-high street lender in helping him to consolidate his debts and remortgage. I think that any decision I make here ought to recognise and reflect that Mr G has lost that chance because of what Ecology did.

I should stress this decision may change in the light of further and fuller information. But, I currently think that in recognition of the above issues, it would be fair and reasonable to ask Ecology to rework Mr G's mortgage now, as if the arrears that occurred in May 2024, were cleared in July 2024. Mr G does not have to make a payment to clear these arrears, and his credit file should not reflect the May 2024 arrears beyond June 2024. Because I would be asking Ecology to waive a payment of over £3,000, I don't think it also has to pay compensation to Mr G in this case.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Only Mr G responded.

My second provisional decision

Mr G sent us new information in response to my first provisional decision. And, whilst I still thought this complaint should be upheld, in the light of this new information, I changed my mind about the appropriate outcome in this case. This is what I said then:

Mr G said that whilst our service had been considering his complaint, he had settled the outstanding arrears from May 2024. Mr G said this had been extremely difficult for him to do, but he said Ecology would only consider switching him to an interest-only mortgage if he did that. Mr G said because of this, he was requesting compensation as the outcome to this complaint.

Mr G said he was still having problems remortgaging, as many lenders look at credit history over the last six years but won't consider anyone with more than two missed mortgage payments in two years. Mr G said that ruled him out, and he was trapped on a high standard variable interest rate.

I replied to Mr G, to say that his mortgage did now appear to be in a significantly different position to what I'd understood when I reached the above provisional decision, because he had cleared the arrears and moved to interest only payments. I was very glad to see Mr G had been able to move things forward, but I explained this did affect the decision I could reach in this case. I could not just ask Ecology to clear Mr G's arrears, because the arrears considered in the above provisional decision no longer exist.

I said Mr G's credit file would still need to be amended, and I continue to think this is likely to be the most important part of this decision in any event, as Mr G has shown us he's unlikely to be able to remortgage without this change. So I would still propose to tell Ecology to amend Mr G's credit file to show that the mortgage arrears which occurred in May 2024 were cleared in July 2024.

Mr G had asked for a payment of compensation, instead of the arrears being cleared. So I wanted to let him know that unfortunately, simply making a payment of compensation of the same scale as Mr G's previous mortgage arrears, would not be compatible with this service's published position on compensation for distress and inconvenience, and indeed with other decisions of our service. It would not be fair and reasonable for me to make

such an award here. So any compensation payment in this case could only be a very small proportion of the arrears payment Mr G told us he has managed to make.

I also explained that I cannot change my award, without telling Ecology what the new proposal is, and allowing it an opportunity to comment. I said I would provide a second provisional decision, asking Ecology to pay compensation and make the changes to Mr G's credit file.

I invited Mr G to bring us up to date on the position of his mortgage, to provide information on how he had made this payment to clear the arrears, and whether Ecology had commented further on his credit file. I received no response to this, so I set out the revised provisional decision that I proposed.

In summary, I do still think that Ecology should amend Mr G's credit file, to show that the arrears on his mortgage were cleared in July 2024. Mr G's credit file should not reflect the May 2024 arrears beyond June 2024. However, instead of asking Ecology to clear arrears which are no longer present on Mr G's account, I will instead ask it to make a payment of compensation.

In considering the appropriate level of compensation here, I have taken into account that this issue has already affected Mr G for some time. And, unfortunately, due to the number of credit searches from other lenders visible on his credit file, it will continue to affect him for some time to come. I think an award that reflects the considerable upset and worry this has caused to Mr G, would be fair and reasonable in this case.

So I will ask Ecology to pay Mr G £750 in compensation. I think that, along with the changes to his credit file set out above, would provide a fair and reasonable outcome in this case.

I invited the parties once more to make any final points, if they wanted, before issuing my final decision. And once more, only Mr G responded.

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.

Mr G responded to my second provisional decision. He said he still didn't think this was fair. He said I had initially proposed £3,000 of compensation to clear his arrears, but those had already been paid. Mr G said he'd borrowed the money to pay the arrears.

Mr G said he was still unable to get a mortgage with a high street lender because of these credit issues. So he was still on Ecology's higher standard variable rate. Mr G said he was paying a higher interest rate than he needed to, for mistakes which were not his fault. He said most mortgage lenders would not accept missed payments within a two year period so Mr G said his credit file is still damaged and will be for another year.

Mr G said he thought Ecology should refund the arrears that he had to pay using unsecured borrowing. He said that seemed fair to him, given the time that had passed and considering he was stuck in this situation for another year.

I should first note that Mr G missed a payment to his mortgage in May 2024. That isn't Ecology's fault.

Mr G originally said most mortgage lenders would not allow him to remortgage if he had more than two missed mortgage payments in the last two years. But if, as he now says, lenders won't accept any missed payments at all in the last two years, then Mr G could never have remortgaged away from Ecology before May 2026, even if Ecology had not subsequently made any mistakes.

I've also explained why I think that it would have been difficult for Mr G to secure other lending, in any event, because there is a very significant amount of unsecured lending visible on his credit file. This unsecured lending does appear to predate Mr G's difficulties with Ecology, and shows missed payments on unsecured lending before Mr G missed his Ecology mortgage payment in May 2024. So I don't think that Mr G's current position, of having a large amount of unsecured lending, was all caused by Ecology's mistakes either.

That means I don't think the position Mr G finds himself in now, is solely a result of the mistakes that Ecology has made.

I do think it's clear that Ecology has made mistakes over Mr G's credit file, and in particular it has failed to set out for him what the position of his credit file actually should be. Because of that, I'm requiring Ecology to remove from Mr G's credit file arrears which had accrued, and had not been cleared. That's because I felt Ecology had caused much of the confusion over what Mr G did or didn't need to pay.

Initially, I also asked Ecology to clear the arrears on Mr G's mortgage. This was not, as Mr G suggests, a payment of compensation to him, it was an adjustment to his mortgage. I asked Ecology to make that adjustment because, having considered the limited information that I had at the time, I thought it was very unlikely that Mr G would be able to do this himself.

My first provisional decision acknowledges that it was made on the basis of limited information, and contained an express warning to both sides that the eventual outcome might change. Mr G has now provided us with more information, including that he has managed to clear these arrears. So it is clear my initial conclusion, that Mr G would not be likely to do this, was wrong. That means I can no longer base any award here on Mr G not being able to clear these mortgage arrears.

In the light of this, I did change my mind about the appropriate award here. I still proposed to ask Ecology to amend Mr G's credit file, but I would no longer ask it to make an adjustment to Mr G's mortgage, clearing arrears which no longer exist. Instead, I asked Ecology to make a payment of £750 in compensation.

I understand why Mr G would be disappointed by this. He had anticipated being a little over £3,000 better off, and now he's receiving rather less than this. However, I hope I've explained that the decision here is now based on my revised, and improved, understanding of the position, and I cannot simply carry forward a previous conclusion, when the factual basis of this case is different to what I had previously anticipated.

For the above reasons, I haven't changed my mind about the revised award. I do still think that provides a fair and reasonable outcome in this case. So I'll now make the award I proposed in my second provisional decision.

My final decision

My final decision is that Ecology Building Society must amend Mr G's credit file, to show that the arrears on his mortgage were cleared in July 2024. It must also pay Mr G £750 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 February 2026.
Esther Absalom-Gough
Ombudsman