

The complaint

Miss B complains about Shop Direct Finance Company Limited ('SD') trading as very reporting adverse data 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 B has a catalogue shopping account which SD. She says she missed a contractual payment because her direct debit had not been set up properly during a bank switch and SD placed a missed payment marker on her credit file.

Miss B says the missed payment marker is unfair because:

- SD didn't notify her that the direct debit had not been set up.
- She paid once she found out – which was two weeks after the due date.
- The reason the direct debit wasn't set up was not her fault – it was due to a failed account switch which was a result of a third party bank error (who I will refer to as 'X').

Miss B says SD has been rigid and unsupportive and the credit file marker has had serious consequences – including her being declined for a re-mortgage.

When SD did not uphold her complaint Miss B referred it to this service. Our investigator did not uphold it – so Miss B asked for an ombudsman to make 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.

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.

I note in Miss B's complaint form she mentions having ongoing issues with SD's payment due dates clashing with her salary dates. However, my role here is to deal with the adverse credit entries she complained to SD about as dealt with in its final response letter dated 17 June 2025. Miss B is free to complain about this other issue separately.

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 having been good industry practice at the relevant time. This includes guidance from the Information Commissioner's Office ('ICO') in respect of the

principles for the reporting of arrears, arrangements and defaults at credit reference agencies.

Was SD entitled to report the information it did?

The ICO guidance says that information on credit files should be accurate (in essence these should fairly reflect the account status at the time).

I have not seen Miss B's credit file but there seems to be no dispute between the parties that the complaint concerns a missing payment/arrears marker in respect of a missed minimum payment of £55 notified to Miss B on her 4 April 2025 statement and due for payment on 24 April 2025.

SD's records show Miss B didn't make this payment on time and Miss B does not dispute that. In light of the ICO guidance SD recording a missed payment and any resulting arrears is not unreasonable – as it accurately reflects the management of the account at the time.

Furthermore, I note that the terms and conditions of the credit account are clear that Miss B is required to pay the minimum payment by the date due on her account statement – or she will incur late charges and it may adversely impact her credit rating.

With all this in mind, on the face of it, SD reporting the information about missed payments/arrears (and applying a late charge) was not unreasonable here.

Is there some other reason that the reporting would not be fair and reasonable?

Miss B says she didn't get a notification from SD that the direct debit was no longer servicing her account. But I can see that as early as 26 February 2025 SD wrote to Miss B to let her know that her direct debit had been cancelled and was not servicing her account. It said that:

As your Direct Debit is no longer active, please remember to make alternative payment arrangements.

As always, you can check your balance, payment due dates and make payments online anytime via My Account.

It appears from what SD has said and the credible system notes it has provided this cancellation was the result of SD requesting payment both in January 2025 and February 2025 and these being rejected.

So it seems SD gave Miss B fair warning so she could monitor her payments going forward and make alternative arrangements. Furthermore, I note that SD has provided credible system notes showing it wrote to remind Miss B the day her April 2025 payment was due – then wrote again four days later to say it hadn't been received.

Miss B says she paid the required amount when she found out it was missed and SD has acted inflexibly. From what I can see Miss B's next payment was made on 10 May 2025. Depending on the circumstance's a payment being made a short time after the due date might mean a late payment marker is unfair. However, here Miss B would have been reasonably aware of issues with her direct debit in advance, and was notified shortly after the payment failed, but the next payment was made around 16 days late. Furthermore, there is nothing I can see in SD's terms that says a payment at this point after the due date will not be reported as a missed payment. So, all things considered, I can't fairly say SD has acted inflexibly here by reporting a missed payment in these circumstances.

It's also worth noting here that the payment Miss B made on the 10 May 2025 appears to have been the amount to service her May statement. So it was still not enough to ensure arrears would not have remained on the account at the time in any event.

I know Miss B has said the issue with the direct debit failing was not her fault but the fault of X, I am sympathetic to this – and can see why she is frustrated. However, my decision is in respect of the actions of SD only. And from that point of view I can't fairly say it has acted incorrectly. Miss B may wish to see if she is able to complain separately about the actions of X – but that isn't something for me to advise on.

In light of my findings above I don't think SD has acted unfairly or unreasonably. So I am not going to direct it to remove the reporting on the credit file or pay compensation.

I know this will likely disappoint Miss B – but I remind her my role is informal. She may decide to pursue this matter by other means (such as court) – but that is for her to decide.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 February 2026.

Mark Lancod
Ombudsman