

The complaint

Miss I says STARTLINE MOTOR FINANCE LIMITED (Startline) were unreasonable to report a missed payment to her credit file.

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.

Miss I took receipt of a used car in April 2024. She financed the deal through a hire purchase agreement with Startline.

Payments were due on 25th of each month but in June 2025 Miss I's direct debit was returned unpaid as there were insufficient funds in her account. Miss I didn't think it was fair for Startline to report that missed payment to her credit file. She explained that she had been unclear about how much was due as she'd cancelled a warranty and expected the monthly payment to reduce. She had asked Startline to clarify how much was due on 27 June 2025 but they didn't make it clear until 3 July 2025 that the payment remained the same. On that basis Miss I thought Startline had been unreasonable to report the missed payment.

When Miss I referred her complaint to this service our investigator didn't think Startline had been unreasonable but as Miss I disagreed, her complaint has 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.

Miss I acquired her car under a hire purchase agreement, which is a regulated consumer credit agreement. This means our service is able to consider complaints about it.

Startline have an obligation to report account activity accurately to the credit reference agencies. There's no dispute that the payment due on 25 June 2025 wasn't paid on time so on the face of it a missed payment should have been reported.

Miss I says there were exceptional circumstances that should have led Startline to remove the adverse entry from her credit file. She explains that she believed her monthly payment would reduce after cancelling a warranty, so she was unclear about what she owed. However, the finance agreement clearly states that monthly payments of £492.56 are fixed, and there is nothing in the agreement to suggest the warranty formed part of those payments. So I don't think it was reasonable for Miss I to expect the instalment to reduce. She didn't query this with Startline until after the payment had already been missed. Although Startline clarified the position a few days later, even an earlier response wouldn't have changed their obligation to report the missed payment once it had occurred. I've also noted that Startline removed a late payment marker relating to a slightly late payment in November 2024 as a goodwill gesture, but they weren't obliged to remove later adverse entries. Overall, I'm not persuaded Startline acted unreasonably in refusing to remove the June 2025 late payment marker.

The finance agreement also explains that fees can be charged when payments are missed or when arrears are chased. Miss I was reasonably aware of this, both from the agreement itself and because a fee had previously been refunded to her in 2024. Startline applied a missed payment fee for the June 2025 payment, and further fees were added when that fee remained unpaid. I've not seen sufficient evidence to suggest these fees were incorrectly applied, so I'm not asking Startline to remove them.

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 Miss I to accept or reject my decision before 9 March 2026.

Phillip McMahon
Ombudsman