

The complaint

Mr M complains about the way Bank of Scotland has recorded information on his credit file in respect of a credit card account which is subject to a Debt Arrangement Scheme ('DAS').

What happened

The parties are familiar with the background details of this complaint and – importantly – the facts are not in dispute. Therefore, I will briefly summarise them here.

Mr M's Bank of Scotland credit card was included in a DAS which started in July 2021.

In November 2025, Mr M complained to Bank of Scotland about the way it was reporting the account to credit reference agencies (CRAs). Specifically, Mr M was unhappy Bank of Scotland was recording rolling missed payments on his credit file despite him making the required payments on the DAS.

The following month, Bank of Scotland issued its final response. In short, Bank of Scotland said that whilst Mr M had been making regular payments under the DAS, he has not been making the full contractual monthly payments and, therefore, it is correctly recording the account as in arrears. Bank of Scotland did, however, note that it had incorrectly recorded the arrangement as starting in September 2021, as opposed to July 2021. It agreed to update its records accordingly.

Unhappy with this, Mr M referred his complaint to this service.

One of our investigators looked into matters and, in February 2026, issued their opinion. In short, the investigator while a "*DAS allows customers to make reduced payments...it does not replace the original contractual payment terms agreed with the lender. Where reduced payments are made, the account will generally remain in arrears until the balance is cleared or a settlement is reached.*"

Mr M did not agree and, as a resolution could not be reached, the complaint was passed to decide.

Earlier this month, I issued a provisional decision. Here is what I had to say:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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 to have been good industry practice at the relevant time.

Particularly relevant here is what the Information Commissioner's Office ('ICO') says about how lenders should report to credit files. Including its publication on the 'Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies' (published in 2016 and since updated).

Having taken all of this into account, I am currently intending to uphold this complaint. I will explain why I currently think this is a fair outcome in the circumstances.

However, before I do, I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

A DAS is a debt solution specifically for residents of Scotland. It is designed to help people repay their debts in a more manageable way, and without the risk of a creditor taking legal action. The ICO guidance states that when a lender agrees to reduced or revised repayments with a borrower, this arrangement will be reflected on the credit file. The arrangement under a DAS is still an agreement to reduced or revised repayments even though Bank of Scotland is compelled to the agreement by operation of the law.

I can see that Bank of Scotland is recording the account as in a payment arrangement which, in my view, is fair and reasonable. But there is nothing in the ICO's guidance that states that repayments made in line with the agreed reduced amount should be reported as having been missed or as in arrears. When Mr M entered into the DAS, essentially the parties agreed to a change in payment arrangement. The arrangement under the DAS, from what I understand, is ongoing until the account is repaid in full, which is reflective of a more permanent arrangement as opposed to a temporary one. The agreement was that Mr M was required to make set repayments under the DAS, and Bank of Scotland agreed to no longer charge interest to the account until the account has been repaid in full.

Bank of Scotland says it is reporting rolling arrears/missed payments on the account because Mr M has not been making the full contractual monthly payments. While I understand the point Bank of Scotland make here, I am not persuaded by it. It's reasonable to say that lenders like Bank of Scotland should report accurate information on the activity of its customers' accounts to the CRA's, in line with its obligations. But here I can't agree that reporting late/missed payments under a DAS when the payments under that agreement have been made on time – which no party appears to dispute – is a true and accurate reflection on what actually happened here. I think marking his payments as missed could give the impression he isn't keeping to his arrangement when this is not the case.

If Mr M had missed repayments due under the DAS, then I would have expected this to have been recorded as a missed payment. If this is the case, then I'm of the view that it would be fair and reasonable for Bank of Scotland to record any repayments missed under the DAS as 'missed payments'. But I've not seen anything to suggest this happened

With that being the case, I'm not currently persuaded that Bank of Scotland have acted fairly here. So, I've turned to look at what Bank of Scotland need to do to put things right.

As a start point, Bank of Scotland should remove any negative repayment markers from Mr M's credit file in relation to this account from July 2021, provided he has made repayments in-line with the DAS. It should, instead, show that a DAS is in place and the monthly payments under that arrangement are up to date and on time. It should also take steps to prevent it from happening in the future as long as Mr M keeps to his DAS payment terms.

Mr M has described the impact this matter has had. Specifically, he has said that due to the way this account has been reported to CRAs he has been refused a mobile phone contract which has “caused distress and embarrassment...inconvenience and disruption, including having to rely on friends and family to take a contract” on his behalf.

I accept the reporting of missed payments may impact Mr M’s ability to obtain credit or other services such as a mobile phone contract from other providers. And I accept Mr M’s testimony that this matter has caused Mr M embarrassment and inconvenience as he describes.

However, here I think any award would be somewhat tempered by the fact that, even if things had gone as I think they should have done, Bank of Scotland would still be required to record the account as being in a payment arrangement. This is, in itself, adverse information (albeit arguably to a lesser degree) and may also impact Mr M’s ability to obtain credit with other providers. Further, I have not had sight of Mr M’s full credit file. So, it is possible that there is other information on Mr M’s credit file that could have caused the problems Mr M has described. There are, also, other reasons why a provider may decline an application. Because of this it would be very difficult for me to conclude that the problems Mr M has experienced were solely because – and as a direct result – of something Bank of Scotland did.

So, taking all of this into consideration – alongside our published guidance regarding compensation awards (available on our website) - I think Bank of Scotland should pay Mr M £150 in recognition of the distress and inconvenience he has experienced.

Responses to my provisional decision

I asked both parties to provide any further comments or submissions in response to my provisional decision by 16 April 2026.

Mr M did not appear to disagree with my findings insofar as they relate to incorrect credit file entry. Mr M did, however, feel that the compensation I proposed did not go far enough. Here is what he had to say:

“As noted in the provisional decision, it was not possible to conclude that the issues I experienced were solely due to Bank of Scotland’s reporting, as my full credit file had not been reviewed.

I have now attached copies of my credit report, which show that there are no other adverse entries, missed payments, or defaults recorded during the relevant period. All other accounts are maintained as agreed.

This demonstrates that the Bank of Scotland account is the only negative factor on my credit file. Given this, I believe it is reasonable to conclude that the incorrect reporting of missed payments was the primary cause of the difficulties I experienced in obtaining credit, including the declined mobile phone contract.”

Bank of Scotland accepted the provisional decision with no further comment.

As both parties have now responded, I will proceed to issue my final determination.

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.

Having done so – as well as having considered everything that has been said and provided in response to my provisional decision – I am not minded to depart from the conclusion I reached in my provisional decision. I'll explain why I think this is a fair outcome in the circumstances.

On review of Mr M's credit file (which I would like to thank him for sharing) I accept that there is – with the exception of a default applied to a credit card dating back to March 2022 - very little other adverse information present.

But I don't think this is sufficient to enable me to find Bank of Scotland's error as the sole (or even primary) cause of the problems Mr M has described. After all, even if Bank of Scotland had not reported rolling arrears (as I don't think it should have done) it would still have reported the account as in a payment arrangement which would be viewed as adverse information by potential lenders and may impact any lending decisions. Notwithstanding this, there are also, other reasons why a provider may decline an application.

Looking at things in the round, I am not persuaded that I can fairly attribute the problems Mr M has experienced to Bank of Scotland's error with regards to its reporting of this account to credit reference agencies. There is, in my view, too many variables at play to draw a direct line of causation.

With all of that being said, as I set out in my provisional decision, I do not doubt that Mr M has experienced some non-financial loss – including worry, frustration and inconvenience – because of this matter. Taking all of this into consideration – alongside our published guidance regarding compensation awards (available on our website) - I am satisfied my proposed compensation of £150 is a fair and reasonable way to resolve matters (alongside relevant adjustments to Mr M's credit file as directed in my provisional decision).

Therefore, I uphold this complaint and direct Bank of Scotland to settle matters in the way I've set out below.

Putting things right

To put things right, Bank of Scotland should:

- Remove any negative repayment markers from Mr M's credit file in relation to this account from July 2021, provided he has made repayments in-line with the DAS. It should, instead, show that a DAS is in place and the monthly payments under that arrangement are up to date and on time. It should also take steps to prevent it from happening in the future as long as Mr M keeps to his DAS payment terms.
- Pay £150 compensation in recognition of the distress and inconvenience caused to Mr M.

My final decision

My final decision is I uphold Mr M's complaint and direct Bank of Scotland plc to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 May 2026.

Ross Phillips

Ombudsman