

complaint

Mr M complains that Moorgate Loan Servicing Limited ("Moorgate") has wrongly recorded payments which he made on time under a debt management programme as "late payments" on his credit file.

background

Mr M was made redundant and built up a large amount of debt. In 2010 he entered into a debt management programme. Since then he has been repaying his debt by agreed monthly amounts, and hasn't had any missed or late payments under this programme.

In 2016, Mr M wanted to rearrange his mortgage. However, this was refused because of entries made by Moorgate on his credit file showing late/missed payments every month since August 2014. As he had made all the agreed payments to Moorgate on time, Mr M complained to Moorgate about this.

Moorgate said that the payments Mr M was making were less than his contractual payments under the original debt. So it was correct to show the difference as not having been paid, and as arrears on his account.

Our adjudicator recommended that this complaint should be upheld. She said that because Mr M had always made payments, although at a reduced rate, which had been accepted by Moorgate, a default notice had never been served, which she thought was correct. She said that the Information Commissioner's Office ("ICO") had issued the following guidance on debt management programmes:

"Debt Management Programme

A debt management programme (DMP) is when a third party debt adviser negotiates a repayment schedule for all or a number of a consumer's credit agreements. If the plan is accepted by the lender, the record filed at the credit reference agencies must reflect that the consumer is on a DMP. For such accounts arrears may continue to be calculated in accordance with the contracted terms, but the account marked as under a DMP."

On the basis of this, she didn't think it was fair to show that the account was in arrears and there were late payments, as well as recording the DMP. To do so indicated that Mr M was behind with the payments agreed under his DMP, which wasn't the case.

The adjudicator recommended that Moorgate should remove the late and missed payment markers from Mr M's credit file and pay him £100 as compensation for the distress and inconvenience it had caused him.

Moorgate responded to say, in summary, that it believed what it was recording on Mr M's credit file was correct under the ICO guidance.

my findings

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

It is right, and in accordance with the ICO guidance, that Mr M's DMP should be recorded on his credit file. This shows anyone searching his file that he has failed to repay a contractual debt in accordance with its terms, part of it is still outstanding, and he is now making payments towards this debt under the DMP.

However, I think it's wrong, and not in accordance with the ICO guidance, to continue to show historical arrears as late/missed payments as well as flagging the DMP. Where, as in Mr M's case, a consumer is making payments correctly under his DMP, this treatment indicates, wrongly, that he is in arrears under his DMP. This gives a misleading impression to anyone searching his credit file.

So I agree that Moorgate should remove the late and missed payment markers from Mr M's credit file and pay him £100 as compensation for the upset it has caused him.

my final decision

My decision is that I uphold this complaint, and order Moorgate Loan Servicing Limited to:

1. remove the late and missed payment markers from Mr M's credit file; and
2. pay him compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 January 2017.

Lennox Towers
ombudsman