

complaint

Mr K complains that Northern Rock (Asset Management) plc registered a default in his credit file three years after he first defaulted on his loan repayments. He wants the default removed. He also complains about the poor customer service that he received from the bank in dealing with his complaint.

background

Mr K stopped making payments to his loan account in 2006. NRAM was unable to trace him and froze the account. In 2009 NRAM made contact with Mr K again and it reactivated his account and agreed to accept £50 per month for six months. In July 2009 it passed the account to its loss recovery department and registered a default in Mr K's credit file. Mr K felt that the registration should have been made in 2006 when he stopped making payments. He also complained about the manner in which NRAM had handled his complaint. In its final response, NRAM accepted that it had handled the complaint badly and offered compensation of £100, which Mr K declined. It also said that it had not made any error regarding the default registration.

adjudicator's view

Our adjudicator did not recommend that the complaint should be upheld. He felt that the registrations in Mr K's credit file were correct and that, because the bank had frozen his account, he had not been disadvantaged. Mr K was not satisfied with this as he says that he has still not received an answer as to why the default was not registered earlier.

my provisional findings

After considering all the evidence and requesting further information, I issued a provisional decision on this complaint to Mr K and NRAM on 25 March 2014. I summarise my findings:

I noted the contents of NRAM's notes on Mr K's account. I was satisfied that it had attempted to serve default notices on Mr K as early as summer 2006 and was considering writing off the debt, certainly, in 2007. In those circumstances I provisionally found that NRAM ought to have registered the default in 2007. This meant that it would now no longer appear on Mr K's credit file. Unlike our adjudicator, I did not find that NRAM freezing Mr K's account and thus stopping further interest and charges being applied was sufficient compensation for the effect of the delayed registration.

With respect to the poor handling of Mr K's complaint, I found that the compensation offered by NRAM, was fair and reasonable in the circumstances at the time of its final response. However, I was provisionally satisfied that the bank should pay him further compensation for the distress and inconvenience he has suffered as a result of the delayed registration and in trying to get an explanation for it.

For the above reasons my provisional decision was that I was minded to uphold this complaint, subject to any further comments I received from Mr K and NRAM. And I intended to order NRAM to remove the default registration from Mr K's credit file and to pay him a total of £200 for distress and inconvenience.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr K responded to my provisional decision by pointing out the financial disadvantage he had suffered by the default registration not being removed earlier. NRAM reiterated its earlier comment that Mr K should have been aware that he still had an unsecured loan to repay after redeeming his secured loan. And that accordingly he should have kept in touch. It also restated the advantage to Mr K of having his interest frozen.

I realise that both parties will be disappointed, but I find that I am not persuaded to vary my provisional decision by the above representations. I find that the disadvantage resulting from the late registration of the default is, overall, much greater to Mr K over time than the interest savings. I am also satisfied that the compensation I proposed is fair and reasonable in the circumstances.

my final decision

My decision is that I order Northern Rock (Asset Management) plc to remove the default registration from Mr K's credit file and to pay him a total of £200 for distress and inconvenience.

Ros Barnett
ombudsman