

complaint

Mr D has complained about information registered in his credit file by Firstplus Financial Group Plc, which Mr D says is inaccurate.

background

Mr D had a loan with Firstplus which was secured on his home as a second charge. Unfortunately Mr D was made bankrupt in August 2012. The bankruptcy was discharged in August 2013. Mr D's first mortgage lender repossessed the property and sold it in January 2014. This meant that Mr D's Firstplus loan became unsecured.

Mr D was concerned that Firstplus would pursue him for the outstanding balance on the loan. Firstplus has agreed it will not do so. But Mr D says that, because the loan became unsecured, Firstplus should amend his credit file in the same way as his unsecured creditors. It seems the unsecured creditors in the bankruptcy recorded debts against Mr D as '0' with the default date being the date of his bankruptcy, and marked the debts as 'partially settled'. But Firstplus is showing Mr D's debt as 'defaulted'.

Firstplus has not agreed to change the way it recorded the information. This is because it says the loan was originally secured. It says the 'defaulted' record is an accurate reflection of Mr D's credit file.

The adjudicator noted that Firstplus agreed not to pursue Mr D for the outstanding debt and had written it off. She wasn't persuaded Firstplus had reported incorrect credit information. But Mr D remained unhappy at the way in which the Firstplus loan has been recorded in his credit file.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. The crux of the complaint is that Mr D believes the information registered against him by Firstplus is inaccurate and unfair.

The secured debts did form part of the bankruptcy. This is not a matter of choice; it is a matter of law. But secured creditors will not usually claim in a bankruptcy because they are relying on the security they hold - the legal charges over the property. Once the loan became unsecured, Firstplus should not have pursued Mr D for the remaining balance. I am glad to see it has now recognised this and has written off the debt.

As far as the credit information is concerned, whether or not the debt is recorded as 'partially settled' as at the date of bankruptcy or 'defaulted' at the date it became unsecured, it is unlikely to have any real impact on any future credit application, given the bankruptcy and the implications of this for any future creditor. Given this, I can't see that this is likely to result in any significant detriment to Mr D.

Overall, I'm not persuaded Firstplus has acted unreasonably or unfairly in the way in which it has recorded the written-off debt in Mr D's credit file and so I don't propose to order it to amend the file as Mr D would like it to. But if Mr D believes Firstplus has registered incorrect credit data against him, he will need to take this up with the Information Commissioner, which is the organisation responsible for the registration of data in England & Wales.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 30 December 2014.

Jan O'Leary
ombudsman