

## **complaint**

Mr W complains that Shop Direct Finance Company Limited (the business) did not update his credit file after he paid off his debt. He says this has resulted in him being refused credit.

## **background**

Mr W had an account with the business that fell into arrears. The account was transferred to a debt collecting company in January 2010 and a default was recorded on his credit file.

Mr W says he paid off the outstanding debt in February 2010 but his credit file was not updated to reflect this.

The business said that the default had been recorded correctly. It checked Mr W's account with the debt collecting company and accepted that he had paid the debt in February 2010. In its letter dated June 2015, it said it would get Mr W's credit file amended to show his account as satisfied.

The adjudicator said he believed the default had been correctly recorded on Mr W's credit file. He said that Mr W's credit file has been amended to show the correct information. Since our involvement the business initially offered £50 as a goodwill gesture which it increased to £150. The adjudicator found this reasonable.

Mr W did not accept the business' offer. He said that he had been refused credit because the information on his credit file was not updated. He said that since the amendment had been made to his credit file his credit score had increased.

## **my findings**

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

Mr W repaid his debt in February 2010, but his credit file was not updated to show this. It was not until May 2015 that he contacted the business about this. The business then wrote to Mr W in June 2015 saying that Mr W's credit file would be amended to show the debt as satisfied. I find this reasonable.

Mr W says that he was refused credit because the default was recorded on his credit file. I understand Mr W's frustration but I find nothing to suggest the default was not recorded correctly and because of this it is right that this would remain on his credit file for six years.

The credit file should have been updated to reflect the fact Mr W had paid the debt but this would just show the debt as satisfied and would not remove the default. Credit providers will look at a number of factors when deciding whether or not to provide credit and I cannot say that the outcome of the credit decisions would have been different even if Mr W's credit file had been updated to satisfied in 2010.

However, I accept that the information was not updated at the correct time and the debt was not recorded as satisfied until after Mr W raised his complaint in 2015. I find that the business did act promptly once it was made aware of this issue. Because of this I find that the £150 the business has offered as compensation is fair and reasonable.

**my final decision**

My final decision is that Shop Direct Finance Company Limited should pay Mr W £150 compensation, as it has offered, in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 December 2015.

Jane Archer  
**ombudsman**