

complaint

Miss W complains that Madison CF UK Limited (trading as 118 118 Money) recorded incorrect information on her credit file and hasn't sent correspondence in the format she requires.

background

I issued my provisional decision on this case on 3 October 2019, which is attached and forms part of my final decision. In this I explained why I intended to uphold part of Miss W's complaint.

I gave both parties the opportunity to send me any further information or comments they'd like me to consider before I made my final decision.

responses

118 118 Money said it accepted the findings of my provisional decision, including the redress award.

Miss W made some further comments which I have summarised below:

- She did tell 118 118 Money about her sight impairment. One of those times was during a phone call on the date she took out the loan.
- She didn't receive any correspondence about 118 118 Money backdating the default and she didn't receive the default. The only copy she'd received was from the debt collection agency.
- She queried how 118 118 Money could backdate the default to November 2017. The credit reference agency markers show she was behind on two payments in November, rising to six in March and defaulted in April 2018.
- The backdating of the default caused her to lose the property she was hoping to rent. Had it been registered in April 2018 she would not have lost it.
- The debt collection agency removed the default because the information 118 118 Money gave them was wrong.
- Once the debt collection agency had removed the default she was successful in applying for another property.
- She doesn't dispute the address 118 118 Money sent correspondence to was correct, but it wasn't sent in large print.

my findings

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

I've listened to a recording of Miss W's phone conversation with 118 118 Money on the day she took out the loan. She didn't mention her sight impairment or her requirement for correspondence to be sent in large, bold print in this call. I've also listened to two other call recordings that were noted in 118 118 Money's contact history. Miss W didn't mention any communication requirements in these calls either.

I can see the letter notifying Miss W of the default being backdated and the default notice were both addressed correctly. But even if Miss W didn't receive the letters, she should still have been aware she was behind with her repayments. So I don't think 118 118 Money was wrong to register the default.

I think 118 118 Money acted fairly when it backdated the default. Doing this would've meant it coming off her credit file earlier, as defaults normally remain on credit files for six years from the date of the default. So it being backdated was in Miss W's best interests.

Miss W is concerned that the backdating of the default caused her to lose the property she was hoping to rent. She says she doesn't think she would have lost out on it if the default had been registered in April 2018. But from what I've seen, the default wasn't registered until April or May 2018 so it wouldn't have appeared on Miss W's credit file before then. And in any event, from what she's told us she applied to rent the property several months after April 2018. So I don't think the default being backdated, is likely to have made a difference to Miss W's success with renting a property.

Miss W says that the debt collection agency removed the default because 118 118 Money gave them the wrong information. But I haven't needed to consider the actions of the debt collection agency as Miss W's complaint is against 118 118 Money.

Miss W may have been offered another property once the debt collection agency had removed the default. But I've still got no way of knowing if the incorrect information on Miss W's credit file was the reason for her being refused the other property. As I've said, I don't think 118 118 Money was wrong to register the default.

118 118 Money says it wasn't aware of Miss W's requirement for large, bold print until November 2018. It follows that any correspondence it sent to Miss W before then, would have been in standard print.

I've considered all of Miss W's comments but they don't make a difference to the conclusions I reached in my provisional decision. So I see no reason to change them.

my final decision

For the reasons I've explained, I uphold this complaint in part and direct Madison CF UK Limited (trading as 118 118 Money) to pay Miss W £250 for distress and inconvenience.

It should do this within 28 days of us telling it Miss W has accepted my decision.

Under the rules of the Financial Ombudsman Service, I'm required to Miss W to accept or reject my decision before 21 November 2019.

Anne Muscroft
ombudsman

copy of provisional decision

complaint

Miss W complains that Madison CF UK Limited (trading as 118 118 Money) recorded incorrect information on her credit file and hasn't sent correspondence in the format she requires.

background

Shortly after Miss W took out a loan with 118 118 Money, she fell behind on her repayments. Miss W told 118 118 Money she was in hospital and it agreed an arrangement with her, but she fell further into arrears. She told 118 118 Money she was still in hospital so 118 118 Money asked Miss W for medical evidence to support this. Miss W said she would send this when she was able to.

Several months later 118 118 Money issued a default notice informing Miss W she was six months in arrears and giving her three weeks to bring her account up to date. Miss W didn't contact 118 118 Money or make any payment and the debt was sold to a debt collection agency.

Around six months later Miss W emailed 118 118 Money. She said she'd recently found out that her debt had been sold on to the debt collection agency. She didn't remember receiving notifications or a notice of default. She said she wouldn't have been able to see them if they weren't in a large bold print because of her eye conditions. She queried why the same debt was showing twice on her credit report and showing as defaulted on two different dates by 118 118 Money and the debt collection agency.

Miss W asked 118 118 Money to update the credit reference agencies to reflect that her debt was no longer active with it. She also asked 118 118 Money to consider removing the default. She said she hadn't received any notifications in the format she'd requested which she would have been able to see. She said she also had serious health conditions and she wanted to move closer to her family. To move home, she needed to rent and she was failing credit checks due to the default.

Miss W said she'd made a data subject access request (DSAR) for copies of the default notices and any correspondence 118 118 Money had sent to her concerning her account. She said she'd always made it clear that she was severely sight impaired and required correspondence to be sent in large bold print.

In its response to Miss W's complaint, 118 118 Money told her it had advised the credit reference agency that her account was transferred at the time. This should have been updated by the credit reference agency within 30 days, but it wasn't. 118 118 Money said it had asked the credit reference agency to ensure it was updated.

Miss W was frustrated that 118 118 Money's response had been emailed to her in standard font. 118 118 Money apologised for this and sent it again in large, bold font a few days later.

There were several further emails between Miss W and 118 118 Money as she chased for a response to her DSAR. Miss W also queried why the date of the default on her credit file was several months earlier than the date her default notice was issued. Miss W was also unhappy about correspondence being sent in standard print.

Our investigator looked into Miss W's concerns but she didn't think that 118 118 Money had done anything wrong. She thought it had given the correct information to the credit reference agency. She said that she could only see one occasion where 118 118 Money hadn't sent emails in large bold print. It had apologised and sent it again a few days later in large bold print. She said 118 118 Money had also sent evidence that it had sent the information Miss W had requested in the DSAR in December 2018 in large bold print. Our investigator didn't think 118 118 Money needed to do anything further.

Miss W disagreed with our investigator's view. She's made the following points:

- Her credit file was showing two different default dates for 118 118 Money and the debt collection agency. It was the same debt not two separate ones.
- She only found out about the default in November 2018 after losing a property she desperately needed to move to for increased support and care due to the state of her health. It would have placed her much closer to her family and friends.
- 118 118 Money had recorded the default against her 6 months before they issued the default notice.
- The copy of the default notice (which had been passed on to her by the debt collection agency) was in standard print.
- 118 118 Money didn't tell the debt collection agency about her requirements for large print.
- She's provided a copy of a statement of account from 118 118 Money dated April 2019 which is in standard font.

my provisional findings

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, I intend to uphold part of Miss W's complaint. I've set out my reasoning below.

registering of default

118 118 Money had an obligation to act positively and sympathetically towards Miss W once it was aware of her financial difficulty. But the relevant industry guidance says that a default may be recorded if a borrower falls into arrears on an account to show that the relationship between them and the lender has broken down.

From what I've seen, I think 118 118 Money did try to help Miss W when she fell into arrears on her account. It offered her a repayment plan when she first missed a payment. The notes from 118 118 Money show there was a text chat where it advised her to call when she was able to and it had asked for medical evidence to support the account moving forward.

Miss W has told us that she was in hospital for around four months. I appreciate that this must have been very difficult for her. But she doesn't appear to have contacted 118 118 Money for almost a year following her text chat with it. In the meantime 118 118 Money had issued a default notice and notice of arrears and it had sold the debt on to a debt collection agency.

I appreciate that Miss W says she didn't receive the default notice and she wouldn't have been able to read it because it was sent in standard font. But I can see the letters were sent to the right address. And I haven't seen any evidence that 118 118 Money was aware of her need for a larger font at the time. I also think Miss W would likely have known that she hadn't made payments on the account for several months, so she ought reasonably to have known that her account was in default.

So I don't think that 118 118 Money did anything wrong when it registered a default on her credit file and sold the debt on to the debt collection agency.

default date

Miss W has complained that 118 118 Money recorded the default on her credit file around six months before it issued the default notice.

118 118 Money says when it applied the default it backdated it to six months earlier as this was when Miss W's account fell into serious arrears. It's sent us a copy of a letter addressed to Miss W from the time it applied the default which explains this.

Defaults normally remain on a credit file for six years from the date of the default. So I think 118 118 Money acted fairly by backdating the default, as this means that it would be removed from Miss W's credit file earlier than if it had been applied after the default notice had been sent.

incorrect information on credit file

When Miss W first made her complaint to 118 118 Money, her main concern was that the same debt appeared to be recorded twice on her credit file.

In its response 118 118 Money said the credit file submission had been provided to the credit reference agency to advise that Miss W's account was transferred at the time. It said this should have been updated by the credit reference agency within 30 days but it wasn't done.

The credit reference agency has told us two entries would have shown on Miss W's credit file for the debt – one with 118 118 Money and one with the debt collection agency. It says that 118 118 Money had no legal obligation to remove the debt but must mark it as closed. It says 118 118 Money didn't mark the debt as closed – it only placed a default marker on it. It should have marked the account as closed to ensure this was reflected fairly.

I asked 118 118 Money if it was able to provide any evidence that Miss W's account was marked correctly when it was sold to the debt collection agency. 118 118 Money said it wasn't able to provide any evidence of this because the file it sends is constantly updated and has technically been 'overridden' since the report should have been made.

On balance, I don't think 118 118 Money provided the right account closure information to the credit reference agency at the time. And there would have appeared to have been two defaulted debts on Miss W's credit file because of this.

I can understand why Miss W thinks she's lost out on renting a property near her family because of the defaults being entered on her credit file twice. But I've no way of knowing what would have happened if the information on her credit file had been correct.

customer service and reasonable adjustments

The Equality Act 2010 says that organisations have a duty to make reasonable adjustments to remove barriers people face as result of their disability.

Miss W is visually impaired and has told us that she can't read anything that is in standard font. She says this would appear like a blank piece of paper to her. Miss W has expressed her frustration that 118 118 Money sent documents in standard font (including the default notice) and has sent emails regarding her complaint in standard font. She's also complained that she doesn't think 118 118 Money informed the debt collection agency of her requirement for documents to be sent in a large, bold print.

From everything I've seen, the first record of Miss W telling 118 118 Money about her requirement for large print was in November 2018. Miss W has told us she isn't able to provide any evidence that she told 118 118 Money about this earlier – although she believes she did.

So I don't think there's enough to say that 118 118 Money did anything wrong when it sent documents to Miss W in standard font prior to this. And I also don't think that it could have been expected to let the debt collection agency know about Miss W's requirements, given that it didn't appear to have been aware of them when it sold her debt.

But I don't think that 118 118 Money did enough to ensure it was communicating clearly with Miss W once it was aware of her requirements. I can see that 118 118 Money did use large, bold print in most of its emails to Miss W. And I accept that sending the final response in standard font was likely an oversight, which was quickly rectified once Miss W had made it aware of this.

There were several emails between Miss W and 118 118 Money where she was chasing for a response to her DSAR and many of these were after this had already been sent to her. So I think it should have been clear to 118 118 Money that its communication wasn't meeting her needs. With this in mind, I would have expected it to have tried a different method of contact, such as phoning her. This would likely have saved a lot of time and distress for Miss W.

Miss W has also sent us a copy of a statement account dated April 2019 which is in standard print. This was a long time after 118 118 Money was aware of Miss W's requirement for documents to be in large, bold print. This has caused additional frustration to Miss W who hadn't even been aware of the statement until her sister found it several months later.

118 118 Money has told us that this was sent to Miss W in error and it would like to apologise for this.

in conclusion

I don't think 118 118 Money was wrong to register the default against Miss W's account. And I think 118 118 Money's decision to backdate the default was fair.

The information on Miss W's credit file was recorded incorrectly to suggest she had two separate defaults on two separate debts. While this is likely to have been due to an error on 118 118 Money's part, it's not possible to say whether or not this made a difference to Miss W losing out on the property she wanted to rent. So I don't uphold this part of Miss W's complaint.

I do think that 118 118 Money should have communicated with Miss W more clearly once it was aware of her disability. Given her visual impairment and her requests for information it had already sent, I think it would have been more appropriate for 118 118 Money to use a different method of communication to try to meet her needs. It should also have ensured that correspondence was sent to her in the print she'd requested, once it was aware of her disability.

118 118 Money's failure to communicate clearly and to consistently make a reasonable adjustments has been frustrating for Miss W who has also spent a lot of time trying to get the information she wanted. Miss W has significant health problems and is in financial difficulty. Given her vulnerability, I think an award of £250 for the distress she's experienced while trying to get a satisfactory response to her concerns, would be fair and reasonable under the circumstances.

my provisional decision

For the reasons I've explained, I intend to uphold this complaint and tell Madison CF UK Limited to pay Miss W £250 for distress and inconvenience.