

## **complaint**

Mr A complains that Advanced Payment Solutions Limited (trading as Cashplus) recorded defaults on his credit file without telling him, and later told him it would remove the default records if he paid the debts, but did not do so.

## **background**

Mr A owed money on an overdraft and a loan and the accounts were defaulted in 2013. He paid off the overdraft in 2014 and the loan in 2015, and Cashplus recorded the accounts as satisfied. Mr A says that he had never received letters to inform him of the defaults, and that he had been told in a telephone call he could have the defaults changed to late payments if he paid off the debts. But that did not happen.

Our adjudicator recommended that the complaint was upheld in part. She said that when Mr A had telephoned in 2015, before paying off the loan debt, he had been wrongly advised that the default would then be recorded as a late payment. Because of that she thought Cashplus should pay him £75 in compensation for the upset caused. It had agreed. But the defaults and the later satisfaction had been correctly recorded. So she could not recommend the defaults should be amended to late payments.

Mr A said he wanted to refuse the compensation now offered. He was sure what Cashplus had done was wrong. A credit reference agency had told him that the record could and should be changed. He said he accepted responsibility for not keeping on top of things, but his big grievance was being told that if he paid the defaults would be removed. The amounts were only small and it was causing him a big problem in his efforts to get a mortgage.

## **my findings**

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

Cashplus has provided records showing that it made a number of efforts to contact Mr A by telephone about the debts. I have also seen records which seem to confirm that it did then send default notices to him. So I do not think I have grounds to say that he was not properly notified about the defaults.

As Cashplus now accepts, it wrongly told him in 2015 that if he paid off the loan debt the default record would be removed and a late payment would be recorded instead.

Where something is done wrong, I need to try to put the consumer back in the position he or she would have been in if things had been done right. If Mr A had been given the right information in 2015 that would not have meant the default record on the loan would be removed. It would simply have meant that he knew the true position - that paying off the debt would result in the account being shown as satisfied. But the default record would remain. While that is certainly not as good on a credit record as the default being removed, it is better than showing the debt as outstanding. It is possible Mr A might not then have paid off the debt, but when it was only for about £14 it should not have put too severe a strain on his finances, so I think he might well have paid it anyway.

The incorrect information did not affect the debt on the overdraft, as Mr A had already paid that off in 2014, before the phone call when he was given the wrong information.

It is correct that default records can sometimes be removed: if they should never have been there. But Mr A does not seem to dispute that he did default on these accounts, and I have not seen any evidence to suggest that it was wrong for the defaults to have been recorded. I appreciate that they are only for comparatively small sums (about £127 and £14). But that is not a reason why I could ask for them to be removed. Cashplus has a duty to show the correct position. It is then up potential lenders to decide how much smaller defaults of this sort, which have now been settled, should affect a lending decision.

So in sum, I cannot see grounds for me to ask for the default records to be removed. However like the adjudicator I think it is fair and reasonable for Cashplus to pay Mr S £75 in compensation for the trouble and upset caused by the incorrect information he was given.

### **my final decision**

My final decision is that I uphold the complaint in part. In full and final settlement I order Advanced Payment Solutions Limited to pay Mr A £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 April 2016.

Hilary Bainbridge  
**ombudsman**