complaint

Mr C complains that Market Harborough Building Society (MHBS) has mistakenly recorded missed mortgage payments on his credit file that he'd like removed. Mr C says he's had an application to remortgage declined as a result of MHBS's mistakes.

background

Mr C has a mortgage with MHBS. At times in the past he's paid his mortgage by direct debit. More recently he's gone into the branch and made his mortgage repayments by debit card or by cheque.

Mr C complains that MHBS has incorrectly recorded on his credit file that he's missed mortgage payments. He also queries why, if he's missed mortgage payments, MHBS didn't contact him to tell him sooner so he could put this right. MHBS didn't uphold Mr C's complaint. It gave Mr C details of the payments it says he's missed and said it will only remove missed mortgage payments from a credit file if it has made a mistake. MHBS says Mr C's credit file is an accurate reflection of his mortgage account and so it won't remove the information.

Mr C was unhappy with MHBS's response and brought his complaint to us. Our adjudicator looked into Mr C's mortgage account in some detail. But he didn't think MHBS had made a mistake. He thought Mr C had missed payments, and that the way it had been reported on his credit file was fair.

Mr C disagreed and asked that an ombudsman review his complaint.

my 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 find myself in agreement with our adjudicator. I'll explain why.

I can well understand how this dispute has come about. Mr C seems to make payments to his mortgage in various ways and on changing dates. Mr C's provided bank statements for the last couple of years to show us the payments he's made to MHBS. These statements show Mr C's mortgage used to be paid by direct debit but a number of payments were returned. And so, in more recent months, the mortgage has been paid by debit card and cheque. Each of these payment methods takes a different amount of time to reach the mortgage account and to show on Mr C's bank statement. I can see that it would've been hard for Mr C to keep a track on which month's payments he's made.

In seems that the confusion starts in early 2014, when direct debit payments to the mortgage were returned. I presume that Mr C would've been told by his bank that these payments hadn't gone through. He was also told by MHBS. One payment appears to have been made through other means, but since that time, Mr C's mortgage has run behind by slightly less than one month's repayment. Because the amount outstanding was less than a whole month's mortgage payment, MHBS didn't notify Mr C or the credit agencies. This is MHBS's policy and is common practice amongst mortgage lenders.

Each month MHBS would use Mr C's latest payment to repay the arrears of the month before- so Mr C was consistently around a month behind on his mortgage. This continued until a further payment was missed in 2015. At that point nearly two months of mortgage payments had been missed and a note was recorded on Mr C's credit history relating to a missed payment. But MHBS didn't notify Mr C of the arrears because it says it assumed he'd make a payment early the following month. MHBS now says it should've contacted Mr C at this point to tell him about the amount outstanding on his mortgage account.

A month later, in August 2015, MHBS notified Mr C of the arrears and he settled the balance outstanding. MHBS agreed to remove the recording of one month of a missed payment on Mr C's credit file because it hadn't notified him as early as it should have done. But it refused to remove the second month's recording of a missed payment- as it didn't think this had been as a result of a mistake by MHBS.

I can understand Mr C's frustration at his situation. He wants to move house to accommodate his growing family and his broker says lenders aren't willing to lend money to him because of his recent mortgage payment history. While I know this will be disappointing to Mr C, I don't agree that MHBS has made a mistake in its recording of Mr C's mortgage history.

There have been problems with the way payments have been made to Mr C's mortgage and this is reflected in the fact Mr C makes payments by debit card and cheque rather than by direct debit. I consider that MHBS could've provided a clearer and more accurate explanation of what happened with the payments made to Mr C's mortgage and it should have told him sooner when he'd fallen behind with his payments. But equally, Mr C is responsible for making his payments to his mortgage in full and on time every month. This hasn't happened every month and Mr C now seems to accept this is the case.

While I think MHBS's customer service could have been better, I don't find this enough to uphold this complaint.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 February 2016.

Emma Peters
ombudsman