

complaint

Mrs P complains that Marks & Spencer Financial Services plc made errors on her credit files about her credit card account.

background

For a number of years Mrs P had an arrangement to pay off the debt on her credit card. In August 2011 the bank changed the entry on her credit file. Instead of showing an arrangement to pay it showed sustained arrears. She didn't think this was right and wanted the bank to correct the records to show an arrangement to pay.

The bank said Mrs P suffered financial difficulties for a number of years until her account was cleared in full in 2012. It entered into numerous arrangements to pay with Mrs P, even after she broke them, and didn't charge interest. On each occasion it warned Mrs P about the impact on her credit file. It said it had acted correctly and there's no need to amend the credit file.

The adjudicator didn't uphold the complaint. He said the bank had written to Mrs P saying it was upholding the complaint, but he thought this only meant it had accepted it had given Mrs P poor service. He felt the credit file reflected the correct position. He agreed there seemed to be arrangements to pay in place throughout the period up to 2011. But the arrangements were frequently broken. The credit file showed the account was in arrears but not in default.

Mrs P didn't agree. She said she'd paid what she'd agreed with the bank and the file should show an arrangement to pay.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. While I'm sorry to disappoint Mrs P I agree with the adjudicator for much the same reasons.

I think the letter from the bank upholding the complaint referred to the slow service and not the credit file complaint. The bank is clear this is what it means and is defending the complaint, so it seems unlikely it meant anything else. But I think the letter wasn't very clear and I can understand why Mrs P might've thought it referred to her complaint about her credit file.

Mrs P doesn't complain about the entries on her credit file before August 2011, which show an arrangement to pay. She is unhappy this changed in 2011 and the credit files start to show arrears. One of the credit files refers to arrears and an arrangement to pay but the other just refers to sustained arrears.

It is helpful to remember the entries on the credit file are created by the credit reference agencies and not by the bank. The bank supplies information to the agencies who then apply the relevant code. Each agency uses its own set codes. I need to consider whether the entries on the credit files reflect what was agreed with Mrs P and what was happening to her account at the time.

- I think that up to 2010 Mrs P had a number of arrangements to pay. But her payments covered the minimum payments on her account, so the account wasn't in arrears.
- From late 2010 onwards her arrangements to pay show she was unable to meet the minimum payments and an overdue amount started to show on the account.
- She continued to pay less than the minimum until February 2012. But by then there are overdue arrears that have built up since 2010.
- The letters setting out the arrangements each said clearly that details of the arrangement would be recorded with credit reference agencies.

From August 2011 one credit file reflects sustained arrears. I think this is correct because it reflects the fact these arrears started to build up from late 2010. The credit file also shows that regular monthly payments were being made and their amount so this correctly reflects the fact Mrs P was still making regular payments. Before this, monthly payments were above the minimum, there were no arrears and the file showed an arrangement to pay.

Another credit report shows repayment arrears of three to six months but a repayment plan to bring the account back to order. I think this is also correct for the same reasons I have already given.

So I think each credit report had enough information to show a correct picture of the situation including that Mrs P was continuing to make regular payments.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 13 November 2015.

Colette Bewley
ombudsman