

## **complaint**

Mr R complains that Mercedes-Benz Financial Services UK Limited ("MBFS") delayed updating his credit file when his debt was repaid.

## **background**

Mr R had bought a car under a credit agreement with MBFS. He sold the car to a third party, on the basis that the buyer would settle the debt outstanding to MBFS under the credit agreement.

Unfortunately, the buyer did not pay off the debt for some time. By then, a default marker had been put on Mr R's credit file in relation to the debt. Mr R says that MBFS did not act to update the credit reference information about the debt when it was repaid, and this was only done when he became aware of what had happened and contacted it over two years later.

Mr R says that this delay affected his credit rating during the relevant period, making him unable to access better rates of credit.

MBFS accepted that it had delayed updating the debt as satisfied. It updated the debt to show it had been settled and also removed the default marker, which it said it had done as a gesture of goodwill in acknowledgement of its delay. It did not accept that it was liable to compensate Mr R for any difficulties with his credit score.

As things weren't settled, Mr R brought his complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator concluded that the delay by MBFS in marking the debt as settled could have contributed to the problems Mr R had had with his credit score. Overall, and taking into account that it had already removed the default on a goodwill basis, the adjudicator recommended that MBFS should pay Mr R £100.

MBFS agreed to pay the amount recommended by the adjudicator. Mr R did not agree that this went far enough, and his financial adviser provided further information about the difficulties he had experienced in getting a mortgage loan.

## **my findings**

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

It's not in dispute that MBFS should have amended the credit reference information much sooner than it did, to show Mr R's debt as settled. But, even if MBFS had amended the credit file as soon as the balance of the debt had been sent to it by the buyer, this would not have changed the fact that Mr R's account was by then already in default and the default was recorded on his credit file.

Selling his car to a third party did not alter Mr R's liability to repay the debt under the terms of his agreement with MBFS, and I am satisfied that MBFS sent the necessary notices to Mr R about the debt before finally registering the default.

So I do not consider that MBFS was at fault in registering the default – its failure was in not immediately updating the debt as ‘settled’ when it eventually received repayment in full from the buyer. Registering the debt as settled would not, however, have cancelled out the historical default registration – which remains in place on the borrower’s credit file.

It is certainly possible that this delay contributed to the overall problems that Mr R experienced, and which he says have resulted in he and his co-mortgagor having to settle for a more expensive mortgage product. But I am not persuaded, from the evidence, that there would have been no problem but for the delay in updating the debt to show it as settled.

Taking everything into account, including that MBFS has voluntarily removed a default registration that would normally have remained on file, I find that the payment recommended by the adjudicator is a fair and proportionate settlement in this case.

### **my final decision**

My final decision is that Mercedes-Benz Financial Services UK Limited must pay Mr R £100.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 31 October 2016.

Jane Hingston  
**ombudsman**