

complaint

Mr A complains that Nationwide Building Society should have defaulted his account earlier than it did.

background

Mr A wrote to Nationwide in May 2013 to explain that he was in financial difficulty. He offered just under £18 a month, which was much lower than he was meant to pay. But, Nationwide accepted his offer, subject to review after six months.

Nationwide wrote to Mr A in December 2013. As he didn't reply his account defaulted in January 2014.

Mr A says he broke the terms of his loan sooner because he was making only token payments. He says most of his other creditors recorded defaults in July and August 2013. He feels Nationwide should have done the same.

Mr A's financial circumstances have now improved and he has been offered a mortgage. But, the rate is higher because the default was registered less than two years ago.

As a result, he feels he's been disadvantaged by the arrangement and been penalised for acting responsibly. He says Nationwide hasn't followed the Information Commissioner's reporting guidance.

Our adjudicator didn't think the default registration date should be changed. This was because Mr A was in a reduced payment arrangement for six months. The account only defaulted when that came to an end and Mr A didn't reply to Nationwide's correspondence. However, he has asked Nationwide to record the payment arrangement on Mr A's credit file.

Mr A doesn't agree. He argues the default date should be no later than November 2013, when the payment arrangement ended.

my findings

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

When Mr A wrote to Nationwide in 2013, he explained his financial difficulties were due to circumstances beyond his control. He said he could offer reduced monthly payments until more money became available. He said he would tell Nationwide when his circumstances changed.

Mr A didn't expand on the reasons for his difficulties, but, it seems, he was hopeful that the situation was only temporary. Because of this, I am satisfied that Nationwide was right not to treat him as being in default, even though his offer was very low.

Nationwide has tried to argue that Mr A wasn't in a debt management plan for a variety of reasons, some of which are contradictory. But, I am satisfied that it was an arrangement to pay, which should have been recorded as such on Mr A's credit file, for the period it was in place.

Nationwide says it wasn't required to register payment arrangements at the time. I don't agree. The Information Commissioner's 2007 technical guidance (Filing defaults with credit reference agencies) says short term arrangements to pay must be marked by an 'arrangement to pay' marker. This was the guidance in force at the time Mr A's financial difficulties began.

I appreciate this is unlikely to matter to Mr A now, as his priority is to bring forward the date of default registration. However, I don't agree that he was in default while he was making reduced payments, which were agreed by Nationwide.

I also don't agree that the default date can be brought forward to November 2013.

Before a creditor can record a default on someone's credit file, it must first issue a default notice and allow that to expire.

Nationwide issued its default notice in December 2014. It expired without contact from Mr A in January 2014.

my final decision

For the reasons given, my final decision is as follows:

- Nationwide Building Society should record the reduced payment arrangement that was in place from May to November 2013 on Mr A's credit file;
- The default registration date should stay the same.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 January 2016.

Athena Pavlou
ombudsman