

complaint

Mr H is unhappy Oakbrook Finance Limited didn't stop requiring him to make payments when his account was on hold – so his credit score has now been affected.

background

In July 2017 Mr H complained to Oakbrook that it had given him an unaffordable loan. He asked Oakbrook to put payments for this loan on hold while it investigated his complaint. Oakbrook responded to Mr H's request in writing saying the account would be put on hold which meant he wouldn't receive collections contact or late payment charges.

In October 2017 Mr H brought this complaint to our service. At this time he asked for the account to be placed on hold again while we investigated. Oakbrook responded agreeing to do this. Mr H then raised a new complaint when he discovered that it had recorded late/missed payment markers on his credit file. Oakbrook said that it had done this in line with the loan's terms and conditions, as Mr H had stopped making payments in July 2017, so it had recorded missed payments from this point until January 2018, when he started paying again.

Mr H brought this complaint to our service. He said that the letter he'd received in July 2017 was ambiguous and didn't state he should maintain his monthly repayments. He was also unhappy it didn't set out that missed payments during this time would be reported to credit reference agencies. He said the October 2017 email was equally as unclear and that the markers on his credit file were severely impacting him.

Our investigator didn't uphold his complaint. He said that he thought the letter could've been clearer, but it didn't say Mr H *didn't* need to make repayments. And he considered a subsequent letter from August 2017 made it clear that payments were due. He also said Oakbrook had a duty to report the missed payments to credit reference agencies.

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 Mr H didn't make payments between August and December 2017 or that Oakbrook has a duty to report to credit reference agencies. This issue to decide is whether it's fair for Oakbrook to say Mr H missed payments considering the information he was given.

The relevant paragraph in the July 2017 letter reads:

"Whilst your complaint is investigated, we will be placing your account on hold until we have issued our final response; this means you will receive no collections contact from us during this time, nor will you incur any late payment charges while we investigate. Throughout this period we recommend you maintain your monthly instalments so your account remains up to date, as any outstanding arrears will be required after we issue a final response, unless no further payments are required by this stage."

I appreciate Mr H's point that the paragraph doesn't specifically say that monthly payments are still due, so I'm in agreement with him that the letter could've been clearer. But it also doesn't say that they aren't due. So I don't consider that Mr H should've just decided this

was the case and not clarified before cancelling his direct debit. As the letter isn't explicit, I've considered what the wording suggests would happen.

I think the key element of the above paragraph is that Oakbrook has elaborated on what being on hold means. The letter lists that there'll be no contact or charges, if doesn't say that no payments are due. It says payments are recommended to keep the account up to date, which as Mr H has said himself, indicates that they *should* be made. Oakbrook also references arrears in this paragraph. If Mr H wasn't expected to make payments during this time, his account would've been '*up to date*' without them and he wouldn't be in arrears. So I think the wording indicates that payments are still due during the hold.

But as I agree with Mr H that the wording could've been clearer, I have also considered his actions.

Oakbrook also sent Mr H a letter in August 2017 in response to his unaffordable lending complaint. It set out that his account was now in arrears and that his August payment was:

"...due on 15/08/17 but has not been received"

So even if Mr H believed in July 2017 that he wasn't due to make a payment in August, when Mr H received this letter it makes it clear that Oakbrook was expecting him to pay. I can see he provided our service with a copy of this letter in August 2017. Mr H's complaint is that Oakbrook didn't make it clear that payments were still *due*. But this letter even uses that wording. So I think from August 2017 he should've been aware that he was still expected to make repayments when his account was on hold.

Mr H has also said he's unhappy the letter and email didn't explicitly make it clear credit reference agencies would be passed information about these payments. But I consider it's generally known that if loan payments are missed; this information will be passed onto credit reference agencies. And this is also clearly set out in the terms and conditions for Mr H's loan.

Also, under Mr H's unaffordable lending complaint, I can see that there is more to an email exchange between him and Oakbrook than he's provided under this complaint. That exchange took place before his October 2017 payment was due. In it Oakbrook informs him that his account is at risk of default action (despite the hold). Mr H then complains to our service about this saying this would affect his credit file. Our investigator informed him that Oakbrook could issue a default notice and said he should do his best to cooperate to pay back what he owes. But Mr H didn't start making payments to the account again until January 2018.

Mr H has told us that if the letter and email were clear and he'd realised his credit score would be affected by missing payments, he would've continued to pay during the investigation. However it's apparent from his October 2017 email to us that he understood his credit score could be affected at this time, but he didn't work to clear the arrears or make any payments then. And following the August 2017 letter he also didn't make payments or contact Oakbrook to say the letter contradicted his understanding.

Mr H has asked what the point of a hold is if it doesn't stop his repayments being due. While it may not have been the case for him, often customers make an unaffordable lending complaint when they're behind on payments and generally struggling to pay a loan. So the hold relieves some of the pressure from the situation, as it stops collections letters and additional charges being added to an already difficult debt. I appreciate it may not have had this effect for Mr H, but this is part of the reason why Oakbrook may put on a hold while an investigation is on-going. I also consider this is likely the reason the letter states payments are *recommended*; unfortunately not every customer is in a position to make repayments while their account is being investigated.

my final decision

I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 November 2018.

Amy Osborne
ombudsman