

## **complaint**

Miss V complains that Credit Reference Solutions Limited (CRS) has not provided her with the service she has paid for. She would like a refund of her fee or for the business to provide the promised service.

## **background**

Miss V approached CRS on the recommendation of another company, regarding two credit card debts. She wanted to know whether these were enforceable and, if so, whether they would affect her credit rating. CRS undertook to 'ring fence' the debts from enforcement and any default listing for a fee of £458.26, which Miss V paid in January 2011.

It appears that CRS then sent a data subject notice to each credit card provider, asking them to cease processing Miss V's personal data or sharing it with third party agencies, including credit reference providers. It threatened legal action if these demands were not complied with. CRS does not appear to have received any response to these letters, and does not appear to have sent any further correspondence to the card providers.

The adjudicator recommended that the complaint should be upheld. He considered that CRS should not have undertaken to protect Miss V from enforcement action regarding the two credit card debts or any default listing, as it was not clear how CRS could do this. He considered the business had not acted in accordance with the OFT Debt Management Guidance. He also considered that, in any case, CRS had taken only minor action in relation to Miss V's accounts, and could not be said to have minimised the risk of a default being registered – which it had promised to do.

The adjudicator recommended that CRS should refund the fee plus interest, and should pay Miss V £150 compensation for distress and inconvenience. CRS has not responded to this view.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The terms and conditions signed by Miss V refer to "Preventing Default Registration", though this is not defined in detail. CRS has said it wrote to the credit card providers in January 2011 to request that they refrain from processing her personal information or sharing it with third parties. It said it would take legal action if these requests were not complied with. It does not appear to have written again, nor taken any legal action in respect of her accounts.

It is not clear how CRS would have been able to prevent default registration, if it was made correctly by the credit providers. Lenders are expected to register a default where an account has been in arrears leading to a breakdown in the lender and borrower's relationship. Furthermore, lenders are expected to provide accurate information to credit reference agencies, including reporting the issuing of default notices on accounts.

It is possible to remove information from a credit file where it shown to be inaccurate. But information which is correct, and reflects proper administration of an account, cannot be removed, even where it is unfavourable to the account-holder. The OFT Debt Management

Guidance makes it clear that a business cannot say it will remove such information, without stating that this will only be where the information can be shown to be inaccurate.

I consider that CRS has not acted in accordance with this guidance, in that it has offered a "Preventing Default Registration" service for a fee, where it is very unlikely that it would be able to provide such a service. If Miss V has fallen into arrears on her accounts, or has been properly issued a default notice, then CRS will not be able to "prevent" this information being recorded on her credit file. I therefore find the business has not treated Miss V fairly or reasonably, and should refund the fee she has paid.

In any case, I also consider that the CRS has taken very little action on Miss V's behalf, in writing just once to the two credit card providers. It is difficult to see how this constitutes the service it refers to in its terms and conditions. Although this is not well-defined, it is hard to see how such minimal action could result in any outcome for Miss V. The business took her fee payment in January 2011, but has written just two letters in the intervening period. I consider this falls well short of what Miss V reasonably would have expected it to do.

### **my final decision**

For the reasons set out above, my decision is that I uphold this complaint. In full and final settlement, I order Credit Reference Solutions Limited to:

- Refund Miss V her fee of £458.26 and pay interest on this at an annual rate of 8% simple from the date of payment until the date of settlement;
- Pay Miss V £150 compensation for the distress and inconvenience it has caused her.

Catherine Wolthuizen  
**ombudsman**