

## **complaint**

Mr U complains Paragon Finance PLC (of which Idem Servicing is a trading style) has recorded incorrect information on his credit file.

## **background**

Mr U originally took out a loan with Citifinancial. The loan was for £15,000 repayable at £324.06 over 60 months. Citifinancial modified the loan agreement in 2011 after Mr U had been experiencing financial difficulties. The modified agreement was repayable at £97 a month.

The debt was later sold to Britannica Recoveries and passed to Moorgate Loan Servicing to administer in May 2012. In August 2014 the debt was sold again Idem Servicing. Payments continued at £97 a month until February 2013, which was missed. A new payment proposal was made to pay £23.39 a month which was agreed by Moorgate. In July 2015 Idem agreed a new proposal of £50 a month, and the account was settled in April 2016.

Mr U is unhappy as Idem has recorded the account as either delinquent or in default. He considers that as he made agreed payments no arrears should be recorded on his credit file. Idem says the information it's recorded is correct. Although it had accepted the payment proposals from Mr U the credit agreement hadn't been modified, which meant the account fell into arrears.

One of our investigators looked into the complaint but didn't uphold it. She was satisfied the arrears information had been recorded correctly as Mr U hadn't been making the contractual payments due under the account.

Mr U is extremely unhappy with this outcome. In summary he's said there's no evidence he agreed to contractual payments of £97 to Idem. He made an agreement to pay a reduced amount and as Idem accepted this he doesn't consider the account was in arrears. He's also provided evidence of credit information recorded by another business being cleared.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And I'd like to reassure both parties that although I have only summarised the events and arguments above, I have considered everything that's been said and provided.

Having done so, I've decided not to uphold Mr U's complaint, for broadly the same reasons as the investigator.

For me to decide Idem should remove the arrears information I would need to be persuaded it was registered incorrectly.

When Mr U was in financial difficulties in 2011 his debt management representative proposed a new monthly repayment of £97 per month. Citifinancial agreed to the proposal and modified Mr U's credit agreement. This meant under the agreement Mr U was now contractually obliged to pay £97 a month to repay the loan.

Since then the loan has been sold on to different companies and different repayment proposals agreed to. But proposals don't always result in a modification of the credit agreement; indeed it doesn't happen that often. So it's not unusual to see arrears information recorded even when a customer has made an arrangement to make partial repayments to a debt. In those circumstances I would expect the credit file to reflect that an arrangement had been reached so prospective creditors could see efforts were being made to repay.

In 2013 when Mr U was in further financial difficulties, his debt management representative proposed further reduced payments of £23.39 a month. Moorgate accepted this proposal but also explained this *didn't* modify the credit agreement and arrears would continue to be recorded with credit reference agencies. As there was no further change to the credit agreement in 2013, Mr U remained contractually obliged to pay £97 a month following the modification Citifinancial made.

Mr U's repayment proposal remained in place when the debt was sold to Idem. It continued to accept £23.39 a month until July 2015. Mr U made a new proposal to repay £50 a month in July 2015. Idem accepted this proposal and explained to Mr U this *didn't* modify the agreement and arrears information would continue to be recorded. During this time as the amount being paid was lower than the amount due under the modified credit agreement, arrears were building. Once arrears reached one month outstanding, or multiples thereof, information was required to be recorded with credit reference agencies. As the account was in arrears, I'm not persuaded it was wrong for Idem to record that. I also note, for completeness, that it does appear the arrangement to repay was recorded on Mr U's credit file.

Mr U has questioned when he or his debt management representative agreed £97 would be a contractual repayment. As mentioned above, the information I've been provided with shows this happened when Mr U's debt was still with Citifinancial. If Mr U has questions about that he'll need to raise them with Citifinancial and his debt management representative.

I also note many of Mr U's proposals were put forward by his debt management representative. It would have been its responsibility to ensure Mr U fully understood the proposals being made and any consequences. If that didn't happen Mr U will need to raise those concerns with his representative.

Mr U has provided evidence of another business rectifying his credit file. But I don't know the circumstances of what's been recorded. Just because another business has removed information it doesn't mean Idem has done anything wrong.

Finally, I completely understand why Mr U feels strongly about this and I understand the impact this information could have on Mr U and any future lending. But Idem is under an obligation to accurately report account information to credit reference agencies and as I'm not persuaded the information is incorrect I won't be asking it to remove it.

### **my final decision**

My final decision is that I don't uphold Mr U's complaint about Paragon Finance PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 10 April 2017.

Claire Hopkins  
**ombudsman**