

The complaint

Miss S complains that Morses Club PLC (Morses) is reporting adverse information on her credit file about two loans which she says she has already fully repaid.

What happened

Miss S had taken a number of loans from Morses, but the adverse information reported on her credit file relates to a loan of £1,400 granted on 28 August 2018 and £500 on 14 October 2018.

Miss S says she had two loans outstanding that she was making weekly repayments for. However, she went into hospital and when she came out she paid extra in order to make up for the payments that were missed. Miss S says when she made repayments the agent would sign her repayment book to confirm she'd paid.

Miss S then says the landlord of the flat that she was living in put it up for sale. Knowing she would have to move; Miss S says she asked the agent for an early settlement figure in order to repay both her outstanding loans.

Miss S says the agent told her, in order to settle the loans, she needed to repay £1,258. Miss S says this was paid sometime at the end of 2018 or at the start of 2019. Miss S says due to the passage of time she can't remember the exact date the payment was made. In February 2019, Miss S moved address but didn't update Morses with her new information because as far as she was aware the loans were settled, and she didn't owe it any more money.

However, Morses says that the loans weren't settled and it was unable to collect any further payments after the last recorded payment in December 2018. As a result of not being able to collect further payments and with no contact from Miss S it went ahead and registered a default on her credit file for the loans in April 2019.

Following Miss S's complaint, Morses wrote to her on 14 October 2021 with its final response letter (FRL). In it, Morses says it hasn't seen any evidence that the loans were repaid such as a repayment book or evidence of where the funds came from in order to make the repayment. It said without anything further from Miss S it was declining her complaint.

The complaint was considered by an adjudicator. Having looked at everything she didn't uphold the complaint. She explained:

- She could see regular payments being made to Morses with a double payment made in November 2019 which the adjudicator believed may have been around the time Miss S was in hospital.
- Miss S says her paying in book was crossed out showing the loans were settled but she no longer has a copy of the book.
- She could see Miss S raised a complaint with Morses in April 2019 but Morses response was returned as undelivered.

- Morses has no record of the balance being repaid.

Miss S didn't agree with the adjudicator's assessment, in response she said;

- The loans have been repaid.
- Miss S left her flat in February 2019 and so that is why she no further letters were received by her from Morses after this date.
- Miss S says she didn't tell Morses she'd moved because as far as she was aware, she'd repaid her loans and so she had no reason to tell Morses of her new address.
- Her repayment book was thrown out along with other unwanted items when she cleared out her flat before she moved.
- Miss S doesn't always check her credit file which is why she only recently found out about the defaults were on there.
- Miss S says she was a good customer and always paid.

The adjudicator went back to Miss S to explain why her comments hadn't changed her mind about the outcome of the outcome.

Miss S disagreed saying she has repaid these loans – and had done with all previous loans. Miss S couldn't provide any further evidence as there was no point keeping a repayment book which she no longer needed. She also asked for an ombudsman's final decision.

As no agreement has been reached, the case has been passed to me to resolve.

What I've decided – and why

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

For me to be able to uphold Miss S's complaint, I have to be satisfied that its more likely than not that Miss S repaid the loans as she says - which will need to be supported by some evidence.

If I conclude that an error has been made, then I can make findings to that effect and then recommend redress as to what Morses would need to do in order to put Miss S back into the position she would've been in had the error not been made.

In this case, having reviewed all the information, I'm not satisfied that Morses has made an error – which means I'm not upholding the complaint. Ultimately, I've not been provided with any substantive evidence of the payments to clear these loans being made to Morses and Morses having received them. I've explained why I've reached these conclusions below.

I'm not intending to provide a detailed commentary around the total number of loans that Miss S was granted. The only thing I will say on these matters is based on the statement of account provided by Morses, I can see that for these two loans Miss S was making regular payments of £75 every two weeks from October 2018.

Miss S made a payment of £150 on 16 November 2018 before returning to her regular amount of £75 every two weeks. What is clear from the statement of account is the last recorded payment was made on 14 December 2018. Based, on these records it does seem Morses has no record of any further payments being made.

But this does support what Miss S says in as much as up to this point her payments appear to have been up to date, and there wasn't, as far as I could see anything which suggested that Miss S regularly missed payments towards her loans.

However, the end of 2018 is around the time Miss S says she asked her agent for the early settlement figure. Miss S says she was told she needed to pay Morses £1,258 in order to fully repay her loans.

Miss S has been consistent throughout about the amount that she was due to repay. I made further enquires with Morses about this settlement figure. I wanted to know whether Morses could now work out what the settlement figure would've been in December 2018 in order to see whether the amount Miss S has quoted was around the amount that was owed.

Unfortunately, Morses isn't able to tell the us what the early settlement figure was in December 2018. However, it does say, that for any early settlement figure it would expect to see a note within its systems that one was asked for and one was generated.

But there is nothing within its systems to suggest a settlement figure was generated or asked for. Its system is silent on this point, which would suggest, solely on its processes that any request for a settlement figure wasn't actioned at this time.

Unfortunately, a repayment book is no longer available. This would've been key information as it could've shown what was recorded and ultimately is the best evidence to support what Miss S says about the payments being made. However, only Miss S would've had a copy of the book, and while I've noted why Miss S discarded it, this does mean that I have to weigh up what she's said against the rest of the evidence that I have been provided with.

We asked Miss S to evidence withdrawing the funds from her bank account. But Miss S says that she doesn't have any such record. She has told us and Morses that the funds were in her flat, left over from other expenditure and other cash withdrawals. So, providing her bank statements wouldn't show anything because there was no large cash withdrawal.

I've thought about what Miss S has said. But, in these circumstances where she hasn't been able to provide her repayment book or anything to support her having been in possession of the funds to repay her loans, I can't reasonably say that Morses' electronic records are inaccurate.

In addition, Morses has provided its collection notes. Miss S says she understandably can't remember when the payment was made, but since the complaint has been with the Financial Ombudsman Service she has been consistent the payment was made at the end of 2018 or at the start of 2019. I've inferred from what she's said that she had made the payment by the time she moved in February 2019.

Morses has supplied notes from its system that were made at the start of January 2019. I've placed significant weight on these notes as these were made at the time from when Miss S says the settlement amount was paid. I can see a note to show a payment was made on 14 December 2018. Then, on 18 January 2019, the agent made the following note;

Not seen customer since last payment. Left messages by phone and carded address

On the same day, there is another note from agent – this is marked as 'visited'

Problem: Customer had arrangement where she would leave payment in letterbox. Has not been left for a few weeks. Solution: Flat now for sale.

The note goes on to say that the agent then called Miss S but the notes says that Miss S couldn't hear the agent – the call was then terminated. The notes say that when the agent called back no one answered.

To me, these notes show that the agent was expecting payments to be made to the account and was taking steps to contact Miss S about them as they were outstanding. There is no indication at this point that either a settlement figure had been requested or that the settlement had been paid, given the agent had attended Miss S's property and had called her. If the loan had been settled before this date, there wouldn't have been any need for Morses to contact Miss S.

The reference to the flat being for sale also corroborates what Miss S has said about her living arrangements at the time and when she moved out and her motivations for perhaps wanting to make the repayment in question. But, while that is consistent, there isn't enough evidence to show that a payment was made and received.

It then looks like that a member of staff tried again on 22 January 2019 to contact Miss S but this was also unsuccessful.

I don't know exactly what adverse information is reported on Miss S's credit file because I haven't been provided with a copy of the credit file and neither has Morses shown the Financial Ombudsman Service exactly what information it says it has reported. However, Morses says the loan accounts were defaulted in April 2019, which is around four months after the last recorded payment on the account.

Clearly, by this stage, as far as Morses was aware the account was sufficiently in arrears by at least four months and its relationship with Miss S had broken down, as it couldn't reach her.

Therefore, thinking about the guidance issued by the Information Commissioner's Office (ICO) and thinking about the principles (3 and 4) within this guidance, I don't think it was unreasonable that Morses reported these loan accounts to the credit reference agencies – after all it has an obligation to report accurate information to the credit reference agencies.

Overall, I'm not upholding Miss S's complaint because the evidence I have been provided doesn't show an early settlement figure was paid. As this is the case, I can't tell Morses to remove the adverse data from Miss S's credit file, because she has taken out loans which she hasn't fully repaid.

I know Miss S feels strongly about this case, but unfortunately, there's not enough here to persuade me that Morses' records are inaccurate because Miss S has already repaid her loans. As this is the case, I can't uphold Miss S's complaint.

There is an outstanding balance, but Morses has reconfirmed that it isn't actively chasing for the balance to be repaid.

My final decision

For the reasons I've explained above, I'm not upholding Miss S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 August 2022.

Robert Walker

Ombudsman