

## The complaint

Mr A complains that Jaja Finance Ltd has sent incorrect information about him to the credit reference agencies about his Jaja credit card.

## What happened

Mr A said the Jaja app had a bug in it that showed transactions in the wrong order. The app showed that the direct debit payment had been returned, but had then been paid, causing him to take no further action for that month's payment. He said the payment was recorded as missed by Jaja and so he complained.

Mr A said Jaja acknowledged there was a bug in the app, but said this had been fixed on 2 March 2023 - although Mr A wasn't sure. He said his credit rating was adversely affected and the issue will likely affect other customers. Mr A complained to Jaja and said he would like it to investigate the wider impact and withdraw the marker on his credit file. He said he had never missed a card payment and it is the only negative mark on his clear credit history.

In its final response Jaja said Mr A's January 2023 statement shows over £4,500 owing with a minimum payment due on 20 February 2023. As there was no payment to clear the full balance before the previous due date, interest was added. And as there was no payment before the previous due date there was also a late payment fee added to this statement.

Jaja said the statement shows that on 19 January 2023 its system attempted to take Mr A's direct debit payment for the minimum due on his statement of 25 December 2022. When this payment failed, Jaja said its system automatically attempted to take the direct debit payment a second time on 24 January 2023, which also failed.

Jaja explained that these failed payments show on a statement as reversed direct debits and occur when a customer contacts their bank to request a reverse of the direct debit payment, or when the funds weren't available for the payment to be made. It said the app may initially show a direct debit payment has been made, as it can take a couple of days for Jaja to receive the updated information about a direct debit from a customer's bank.

Jaja said it's required to report all usage to credit reference agencies as set out in the terms and conditions of its agreement with Mr A. As no alternative payment was made Jaja said it correctly reported a missed payment and cannot amend this. Jaja said Mr A can use the app to track the balance on his account and can amend his direct debit to make a minimum or a full balance payment via the app, or its website. Jaja apologised to Mr A for the error on its app, which it said was since fixed, and as a gesture of goodwill, paid him £25.

Mr A wasn't satisfied with this response and referred his complaint to our service. Our investigator didn't recommend that the complaint be upheld. She said Jaja produced Mr A's statement on 25 December 2022, which said an amount would be taken out on 19 January 2023. But Mr A had insufficient funds and the payment was reversed.

The investigator said it's for Mr A to check he had enough money in his account as the statement gave good notice for the due date, but the payment failed a second time. She said in order to uphold the complaint, there would have needed to have been enough money in Mr A's account to make at least the minimum payment, but as there wasn't Jaja didn't need

to remove the missed payment marker from his credit file. She said the credit card app showed transactions in the wrong order, but Jaja corrected this and paid Mr A £25.

Mr A disagreed with the investigator, saying her facts were incorrect in that Jaja still haven't, corrected the mistake in the app, which makes her decision void. He requested an ombudsman review his complaint.

### **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.

I note that Mr A's only disagreement with the investigator's view of his complaint is with Jaja's contention that it has corrected a fault on its app. Mr A said this is incorrect, but has not disagreed with her findings about the missed payments and the resulting payment marker.

Notwithstanding this, I have looked to see if Jaja was correct to send the missed payment information to the credit reference agencies and to maintain the marker when challenged by Mr A. And so I've reviewed the timeline of events involving Mr A's credit card to see if Jaja has acted according to the proper process and to see if it has treated him fairly.

The terms of Mr A's agreement with Jaja require him to pay at least the minimum payment by the due date shown on his statement. Mr A believes the technical fault on the app meant he wasn't made aware of the payment. I take Mr A's point about the app showing the payment sequence the other way round, but I don't think this was the only way for him to know there was a problem with his payment.

Mr A was due to pay his credit card on 19 January 2023, but his direct debit payment failed, apparently due to lack of funds. Jaja tried to take the payment again, however this payment failed too on 24 January 2023.

For direct debits to succeed there has to be sufficient funds in an account to cover the payment. I think Mr A's bank would have alerted him to the failure of the first direct debit but when he saw that this had failed due to lack of funds, he doesn't appear to have added funds to the account to ensure that it wouldn't fail the second time. I can see that Mr A owed over £4,500, which was just in excess of his credit limit and it maybe that he just wasn't able to cover the payment.

In response to the failed payments, Jaja put a late payment marker on Mr A's account. Jaja acknowledged that there was a glitch in the app which showed Mr A's direct debit had bounced back, but doesn't think this affected Mr A's ability to make the payment in time.

I agree with Jaja and the investigator that it is Mr A's responsibility to check he had enough money in his account to make at least the minimum payment on his credit card as the statement gave plenty of notice for when payment would be taken. When the payment failed a second time, Jaja applied a late payment fee of £12, as set out within the terms and conditions of the account. I think this was fair.

Alongside the late payment fee, the terms and conditions of Mr A's account state that Jaja is also required to report the missing payment to the credit reference agencies. In common with other credit providers Jaja does this in order to provide an honest and accurate representation of how an account has been managed.

Having considered the information available to Mr A; missed payment reminders from Jaja, and a consumer's responsibility to manage their account, I don't think the error with Jaja's app changes the fact Mr A didn't have enough money in his bank account on either day Jaja tried to take the payment.

I can understand Mr A's concern about the adverse impact on his credit score from a marker placed in respect of a missed payment, as this may affect his future credit applications. However, I have not found that Jaja has acted outside of the terms of the agreement or unfairly in applying and maintaining the adverse payment marker related to his credit card account. And I think its goodwill payment is fair in the circumstances I have described here.

Mr A disagrees with Jaja's assertion that its app now shows payments in the correct order. I haven't seen any evidence of this, but if Mr A has been further affected by the operation of Jaja's app it is open to him to bring another complaint to Jaja about this, and then to our service if he wishes. Jaja has said Mr A should send it screen shots of the payments.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 June 2024.

Andrew Fraser  
**Ombudsman**