

The complaint

Mr G complains that ACI-UK LIMITED (ACI) registered incorrect information on his credit file which affected his ability to obtain credit at a lower rate.

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In March 2016 Mr G entered into an unsecured loan agreement. A default was registered against the loan in February 2019, and the outstanding balance was purchased by a third-party company in December 2021, who used the services of ACI to manage the account.

In his complaint form, Mr G explained that he had a debt that was sold on to ACI, however he said the loan account was incorrectly registered on his credit file as an incorrect loan type and was also recorded as a new default. Mr G believes this error has severely impacted his credit file and has resulted in him receiving a higher rate of interest on his mortgage.

In his complaint to ACI, Mr G said the default had been registered when the debt was purchased rather than when it occurred.

To resolve matters, Mr G would like ACI to amend the credit file and to pay him compensation for the distress and inconvenience caused.

In correspondence dated May 2023, ACI advised the default was a continuation of what had been registered in February 2019 and was what was showing on the entry. They also advised it was updated to the correct type of loan (unsecured loan).

In December 2023, ACI issued their final response to Mr G's complaint. In it, they confirmed the debt was assigned to a third-party debt recovery firm in December 2021 due to an outstanding credit balance of £4,464.70. ACI also confirmed they were appointed by the third party to manage the account, and a Notice of Assignment was emailed to Mr G on 16 December 2021.

ACI acknowledged an error with their reporting of the debt to one of the credit reference agencies (CRA), however that the issue was rectified. They however advised one of the CRA's were unable to report the debt as an unsecured loan, so they upheld this element of Mr G's complaint. ACI asked that Mr G let them know how he's been impacted by the incorrect reporting.

Mr G responded to say that as a result of the incorrect reporting he's had mortgages rejected by the majority of high street lenders and have had to pay a higher rate of interest. Mr G said it caused a significant amount of distress and inconvenience to him.

ACI responded to confirm they updated the reporting to 'home account' and advised that they would require evidence of the impact to Mr G's mortgage rates. Mr G said he was

unable to obtain any evidence as the majority of the conversations about it were in person. ACI advised without any evidence they weren't able to accept that their actions impacted his mortgage.

Unhappy with their decision, Mr G brought his complaint to our service for investigation. Mr G also provided us with a copy of his credit report dated April 2024 showing the debt had the incorrect loan type registered against it.

Having reviewed all the information on file one of our investigators recommended that Mr G's complaint should not be upheld.

The investigator concluded that the default had the correct date recorded, the reporting of the type of credit was the responsibility of the CRA and that there was no evidence that the reporting of the debt as the incorrect loan type had any impact on Mr G's ability to get a mortgage.

Mr G didn't agree with the investigator's assessment, although after some further correspondence with the investigator he confirmed he was satisfied with the date of the default. However, Mr G remained unhappy that the CRAs were still displaying the incorrect loan type and that the impact of it showing incorrectly would be far greater than his default alone.

In an email dated 31 May 2024, ACI confirmed that an amendment was made to just one of three CRAs In December 2023, however that further submissions they made was with the incorrect loan type, which is why the loan type hadn't been amended. ACI confirmed they would correct this but still felt the loan type would have no impact on Mr G's mortgage application. However, as the investigator's view remained unchanged, Mr G asked that his complaint be referred to an ombudsman for a final decision.

I sent Mr G and ACI my provisional decision in July 2024. I explained why I thought the complaint should be upheld in part. The key parts of my provisional findings are copied below:

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

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr G complains about ACI's management of his debt. Debt management is a regulated activity, so I'm satisfied we can consider Mr G's complaint about ACI.

In his complaint to ACI, Mr G raised the following points:

- *That a default was re-registered with CRAs containing the incorrect date of default*

- *That he hadn't received a notification of assignment (NOA)*
- *The debt should have been recorded on his credit file as an unsecured loan, and that this error has resulted in him receiving a higher rate of interest on his mortgage*

Date of default

In an email to our investigator dated 15 May 2024, Mr G confirmed he was satisfied with the date for the default, as he was using an incorrect date. Given Mr G is no longer in dispute with the date of the default, I've not considered this point as part of my decision.

NOA

Mr G said he didn't receive a NOA advising his debt was transferred to ACI. Mr G referred to this in correspondence he sent to ACI throughout his complaint. An NOA is an important piece of correspondence which informs the borrower that their debt has been passed on to another company to manage. In their final response, ACI said they issued the NOA to Mr G on 16 December 2021 and was sent to his usual email address. I acknowledge Mr G said he didn't receive it, however ACI have provided us with a copy of the NOA which is dated 16 December 2021. So, although I don't doubt what Mr G has said, I'm satisfied that ACI issued it to Mr G when they said they did and that they issued it to the correct email address. So, I'm satisfied ACI acted fairly in relation to this part of Mr G's complaint.

Incorrect loan type

In correspondence dated 31 May 2024, ACI confirmed that from the inception of the account they were reporting the credit incorrectly, rather than as an unsecured loan. They confirmed an amendment was made in December 2023 to only one of the three CRA's. ACI said further submissions to the CRAs reverted to reporting the loan incorrectly. They confirmed this is likely the reason that the credit reflects as unchanged on Mr G's credit file.

Throughout his complaint Mr G has said that he wasn't persuaded ACI had made the changes to his credit file. For example, Mr G provided a screen shot of his credit file dated April 2024 still showing the credit recorded incorrectly. Despite ACI advising in their final response, dated December 2023 it was amended, and in later correspondence in January 2024 that it may take between 30 to 60 days to update.

I think it's reasonable to conclude that this was a concern for Mr G, mainly because he felt it was significantly impacting his ability to obtain credit from mainstream lenders.

Mr G told ACI that he was told by his mortgage advisor that the rate of interest was higher because of the type of loan that was recorded on his credit file which had defaulted. Mr G also told our investigator that his research online showed that the loan type ACI reported, which was defaulted, would have a greater impact on a credit file than a standard default.

Having considered all the information and evidence provided, although I don't doubt what Mr G has said, I think it's reasonable to say that a defaulted loan would also have an impact. I acknowledge Mr G's strength of feeling that his mortgage rates were directly impacted by ACI's error in reporting, however, I'm not persuaded this is the case because I have no evidence that this is what's happened here.

Having said that, despite assurances from ACI that the amendment had been made to the CRAs I'm satisfied that it wasn't done it correctly, which has led to Mr G's credit file continuing to display the incorrect type of loan. ACI effectively acknowledged this in their email to the investigator, and although I'm not persuaded this directly impact Mr G's subsequent mortgage rates, I recognise the correct recording of information on his credit file

was important to him, and something that he has the right to have, accurate credit information about him reported to CRAs.

The Information Commissioner's Office (ICO) Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies says "Lenders that supply data to the CRAs are required to ensure that the data is accurate, up to date and meets agreed quality standards"

It also says:

"Should your account be sold or referred to another lending organisation or a debt collection agency, the record(s) provided to a CRA by the creditor/and or purchaser must still be accurate and up to date"

So, as I've concluded that ACI incorrectly reported Mr G's credit information to the CRAs I think they need to put things right.

ACI have confirmed to the investigator that this would be amended at source, so I'm satisfied this is the right action for them to take. However, Mr G has described the distress and inconvenience this has caused him. For example, describing how he felt when explaining the situation to mortgage lenders. So, I think ACI should pay Mr G £150 compensation in recognition of their mistake.

I invited both parties to make any further comments.

Mr G responded to say he accepted my provisional decision.

ACI responded to say that they didn't think the product type on Mr G's credit file, or associated conversation, had a material impact on Mr G's mortgage application. They also said they didn't think compensation should be paid, for a what they considered was a nominal oversight. However, ACI added that to help resolve the matter, they accepted my provisional findings and agreed to pay £150 to Mr G as a goodwill gesture.

The above is not exhaustive, but a summary of what I considered to be the main points raised in ACI's response to my provisional decision. To be clear, I've considered all the information provided by both parties in relation to this complaint, however, to maintain the informal approach of this service I've focussed on what I've considered to be the main points raised.

Now both sides have had an opportunity to comment, I can go ahead with my final decision.

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 still consider my provisional decision to be fair and reasonable in the circumstances. Neither party has added anything which gives me cause to change these. Therefore, for the reasons as set out above and in my provisional decision, I'm satisfied that ACI incorrectly reported Mr G's credit information to the CRAs and so should put things right for him. So, my final decision is the same.

My final decision

To settle the complaint ACI-UK LIMITED has already agreed to make the necessary amendments to Mr G's credit file to ensure the debt is recorded correctly. I think this is fair in the circumstances.

So, in addition to what they've already agreed to do, I instruct ACI-UK LIMITED to:

- Pay Mr G £150 in compensation for the distress and inconvenience caused by not correctly registering his credit information with the relevant CRAs

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 September 2024.

Benjamin John
Ombudsman