

## The complaint

Mr F complains Klarna Bank AB (publ) (Klarna) failed to report the settlement of his account to the credit reference agencies (CRAs) in a timely fashion. He's also unhappy they failed to acknowledge and deal with his complaint promptly.

## What happened

On 7 October 2023, Klarna received a bank transfer from Mr F, which together with his regular direct debit payment received on 10 October 2023, settled the fixed sum loan agreement he held with them.

An overpayment of £0.03 was refunded to Mr F on 18 October 2023 and the account closed the following day.

On 13 November 2023, Mr F complained to Klarna that his latest credit file incorrectly showed he still held an active credit agreement with them. Having not been provided with a final response to his complaint after eight weeks, Mr F referred his complaint to the Financial Ombudsman Service.

Klarna subsequently issued a final response letter to Mr F on 6 February 2024, partially upholding his complaint due to the delays in raising his formal complaint. However, they said they'd accurately updated his agreement data to the CRAs, so didn't uphold the complaint in full.

Mr F said Klarna had mis-interpreted the crux of his complaint which was that they failed to report his account as having been settled in a prompt and timely manner. Mr F also reminded Klarna he'd already referred his complaint to our service and that any further correspondence should be directed to us.

Via our service, Klarna offered Mr F £50.00 by way of an apology for the delay in handling his complaint. However, they remained satisfied they'd not delayed updating his agreement status. They said the debt was fully repaid on 10 October 2023 and, in line with their process, any updates for that month were forwarded to the CRAs during the first two weeks of November 2023.

Mr F rejected Klarna's offer proposing they instead pay him £100 to settle his complaint. Klarna didn't agree, so one of our Investigators looked into his complaint. He said Klarna had updated the CRAs two weeks into the new month, in line with their process, so he didn't think they'd done anything wrong. He also said he thought Klarna's offer to pay £50 for delays in complaint handling was fair.

Mr F disagreed with our Investigator's view saying he'd been told by a Klarna representative that they report the status of customers' accounts at the end of each month. So, he said they should have reported his account as settled in October, not November as they did. Mr F also said his CRA reports from April and May 2024 showed numerous inaccuracies in Klarna's reporting.

Whilst Mr F said the £50 offered for poor complaint handling was accepted, he said the inaccuracies in what Klarna say happened and what he'd shown they reported, along with the delay in them updating his credit file means, in his opinion, a further £50 compensation was clearly justified.

Our Investigator's opinion remained unchanged. Because no agreement could be reached, this complaint has been passed to me to decide.

### **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.

Having done so, although I appreciate it'll be a disappointment to Mr F, I'm only upholding his complaint in part and for much the same reasons as our Investigator. I'll explain why.

But first, I'm aware I've summarised this complaint in far less detail than has been provided, and I've done so using my own words. No discourtesy is intended by this. Instead, I've concentrated on what I think are the key issues here. Our rules allow me to do this.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every detail to be able to reach what I think is the right outcome in the circumstances of this complaint.

Because Mr F has told our service he accepts the £50 offered to him by Klarna, in respect of the delays and service provided by them when handling the queries raised in his complaint, I've not looked into this issue further.

What remains in dispute is the timeliness in which Klarna updated the CRAs following Mr F's agreement being settled. It's this issue I'll focus on in this decision.

Klarna have said their process is to provide CRAs with account updates for any particular month, within the first two weeks of the following month. So, in this case as Mr F's agreement was settled on 10 October 2023, by Klarna's own process, they should have reported this to the CRA's within the first two weeks of November 2023.

From the evidence I've been provided, Mr F's account shows as being settled on 10 October 2023 with that information being provided to the CRAs on 5 November 2023.

I'm aware Mr F has provided a copy of his CRA report generated in March 2024, which shows a different settlement date of 20 October 2023 was reported on 5 December 2023.

But I've seen nothing to persuade me incorrect information was provided to the CRAs by Klarna, nor that they failed to provide the update until December 2023. I say this because the report generated later in May 2024, also provided by Mr F, supports that Klarna reported the correct settlement date of 10 October 2023, and that they did this on 5 November 2023.

On balance, based on all the evidence available to me, I'm satisfied Klarna reported the settlement date of Mr F's account as being 10 October 2023, the date his debt was repaid in full. And that they provided this information on 5 November 2023, within the first two weeks of the month following the account being settled.

Mr F has referred to the definition of 'undue delay' set out by The Information Commissioner's Office as being delays no more than one month. But for the reasons I've explained above, in the circumstances of this complaint, I'm satisfied Klarna updated the CRAs on 5 November 2023, within one month of the account settling, so I've not considered this point further.

In summary, I'm satisfied Klarna reported the settlement of Mr F's account both correctly and

within the process they work to. I won't be asking them to pay compensation in respect of this point.

### **Putting things right**

Klarna has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

### **My final decision**

My final decision is that the offer made by Klarna Bank AB (publ) to pay Mr F £50 to settle this complaint is fair. If Mr F accepts my decision, Klarna Bank AB (publ) must action they're offer.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 October 2024.

Sean Pyke-Milne  
**Ombudsman**