

The complaint

Mrs L is complaining about MBNA Limited because she believes it reported incorrect information about the status of her account to the credit reference agencies (CRAs).

What happened

Mrs L has a credit card account with MBNA. In October 2022, she entered a Debt Arrangement Scheme (DAS). The available records show she made her first payment under the scheme in November 2022. And thereafter that she made payments every month, except for a selection of months when crisis breaks were in place.

My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be upheld. My reasons were as follows:

A DAS is an arrangement that applies in Scotland, whereby Mrs L makes a payment to an Accountant in Bankruptcy (AIB), who then distributes that money to her creditors. Once the DAS was established, I would have expected MBNA to report to the CRAs that a payment arrangement was in place and it's provided evidence that appears to show this is what it did. The main point of contention in this complaint relates to how MBNA reported non-payment in months when a payment wasn't made.

The collections payment notes provided by MBNA record the last payment before the DAS was established was in September 2022 and that no payment was received in October 2022. Once the DAS was established, payments began again in November 2022 and monthly thereafter. The only months where payment wasn't made were December 2022, January 2023, December 2023 and January 2024. This is consistent with the records provided by Mrs L's AIB and it says a crisis break was applied in each of these months.

MBNA reported two missed payments covering the period from October to November 2022. As I've said above, the available records indicate no payment was made in October 2022. This was before the DAS was approved and I'm satisfied MBNA was entitled to report a missed payment for that month. But I don't think it should have reported a missed payment for November 2022, as its records show a payment was received on 11th of that month and I believe this part of Mrs L's credit file needs to be amended.

MBNA also reported missed payments for each of the months in which a crisis break was applied. It says it wasn't told about the crisis breaks. But if it had been told, it says it wouldn't have reported missed payments to the CRAs. It wasn't for Mrs L to tell MBNA about the crisis breaks and I don't think it's fair for her to be disadvantaged because MBNA wasn't informed. So it follows that I think her credit file should be amended to remove the missed payments reported for these months also.

It's for these reasons that I'm currently proposing to uphold Mrs L's complaint.

The responses to my provisional decision

MBNA accepted my provisional decision, agreeing to amend Mrs L's credit file as I proposed. Mrs L didn't accept it, suggesting she should receive compensation for her stress and the time she's spent resolving this issue.

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, my findings haven't changed from those I set out previously.

MBNA has confirmed that its process is not to report DAS crisis breaks to the CRAs as missed payments. So, providing her AIB notifies if of any future crisis breaks, I wouldn't expect these to be recorded on her credit file. She would of course to be able to raise a new complaint if in the future she thinks MBNA has dealt with her situation incorrectly.

I have considered Mrs L's comments about compensation, but we don't normally make awards in respect of the normal costs associated with making a complaint, including a consumer's time. I can see that the issues raised have caused Mrs L some distress and inconvenience but, aside from the missed payment reported for November 2022, it's not clear MBNA made an error when reporting missed payments for the months where a crisis break applied. This is because it says it wasn't made aware of about the crisis breaks and, in the absence of anything to show it was told, I've no reason to disbelieve that.

On balance, I remain satisfied the outcome I've proposed is a fair and reasonable settlement to this complaint.

Putting things right

The principal aim of any settlement I propose is to return Mrs L to the position she'd now be in if the status of her account had been reported correctly. To achieve this, MBNA should amend her credit file to:

- remove the missed payment reported for November 2022; and
- remove the missed payments reported for the months of December 2022, January 2023, December 2023 and January 2024, when the AIB has confirmed crisis breaks were in place.

My final decision

My final decision is that I uphold this complaint. Subject to Mrs L's acceptance, MBNA Limited should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 18 December 2024.

James Biles
Ombudsman