

The complaint

Ms G's complaint is about the information Topaz Finance Limited trading as Rosinca Mortgages provided to credit reference agencies about her buy-to-let mortgage with it. She says she was not made aware of the consequences of the payment arrangements she agreed with Rosinca, and had she been, she would not have entered into them.

What happened

Ms G took out a buy-to-let (BTL) mortgage with a lender in 2007. That mortgage was transferred to Rosinca in 2018.

In the middle of 2023 Ms G's tenants left the BTL property. She has told us she needed to complete extensive repairs and refurbishments to the property. While works were being undertaken, the property could not be rented out. As such, Ms G found herself in some financial difficulties and she approached Rosinca for assistance.

In September 2023 Ms G called Rosinca as she wasn't going to be able to pay the mortgage as she didn't have tenants. Rosinca agreed that Ms G didn't need to make payments for September and October 2023. Ms G was told during her conversation with Rosinca that this would result in the mortgage being in arrears and that the arrangement and the arrears would be reported on her credit file. Ms G commented that it would mean that "My credit rating will go through the floor."

Rosinca followed up the conversation with a letter of 20 September 2023. It confirmed what had been agreed and said:

'No payments are due under the terms of the arrangement; however, as you will not be making full monthly payments, arrears will accrue on your account while the agreement is in place. ...

What else do I need to consider?

As noted above, during the period of reduced payments, your arrears will increase. Interest will be added to the unpaid amount at the interest rate applicable to your loan. This will increase your balance and the amount of interest you will be required to pay overall.

Additionally, as you will not be making full monthly payments, arrears will accrue on your account while the agreement is in place. When your account is in arrears, we are required to inform Credit Reference agencies. This will have a negative impact on your credit file and may make it difficult for you to borrow money in the future. If you can afford to do so, paying more than the minimum agreed during the concessionary period is a good idea as it will help to reduce any negative impact on your credit file.'

In November 2023 Ms G agreed a repayment plan with Rosinca for the arrears. It was agreed that Ms G would repay the arrears at £130 per month, over a period of three years. It sent Ms G a letter confirming the arrangement, which included:

'Will the arrears still affect my credit file?

If your account is one or more monthly payments in arrears at the end of each calendar month we must notify credit reference agencies of the level of the arrears and the status of your account each month. They will keep a record of this information and may share this information with other lenders for up to six years. This may affect your ability to borrow money or obtain credit in future.

What else do I need to consider?

Even though an arrangement has been agreed to repay your arrears, it may still be beneficial for you to seek independent advice regarding your overall finances and we have provided a list of organisations who work with customers having payment difficulties.

It is important to let you know that during the arrangement period interest will be added at the interest rate applicable to your loan. Any interest charged on the arrears balance will not be cleared by the arrangement.'

Ms G complained to Rosinca about it having recorded that her mortgage was in arrears in May 2024. Rosinca responded to the complaint in a letter of 16 May 2024. It didn't uphold the complaint as it considered Ms G had been given enough information to have made an informed decision, understanding the consequences of missing the relevant payments.

Ms G was not satisfied with Rosinca's response and referred her complaint to this Service. When she did, she told us that she had believed the missed payments of September and October would be made via a separate account/agreement – effectively a loan separate to the mortgage. Miss G has also told us that she asked whether there would be any effect on her credit file, and she was assured that there would not be. Ms G has said that had she known arrears would be recorded with the associated effect on her credit file, she would have sourced the monies needed elsewhere.

One of our Investigators considered Ms G's complaint, but he didn't recommend that it be upheld. Ms G didn't agree with the Investigator's findings as she didn't think Rosinca had provided enough information about the consequences of the payment arrangements. She repeated that she hadn't thought the arrangements would be recorded on her credit file and what she had understood the arrangements would mean for her. Ms G asked that the complaint be passed to an Ombudsman.

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 would firstly confirm that if a lender reports to credit reference agencies, it is required to report accurate information. So if a mortgage is in arrears equivalent to the amount of one months' contractual payment, it has to be reported to credit reference agencies.

I have listened to the calls Ms G had with Rosinca before the nil-payment arrangement was agreed for September and October 2023 and once she was able to start making payments again.

I am satisfied that Rosinca made Ms G aware that the mortgage would be considered to be in arrears if she took up the nil-payment arrangement, and that the arrangement would be reported on her credit file. Ms G confirmed she understood the consequences of entering into the arrangement and I am persuaded that she was fully aware of the impact missing the

payments would have on her credit file, even with agreement, as she commented that her credit rating would “go through the floor”. Rosinca then followed up the conversation with a letter confirming that the arrears would be reported on Ms G’s credit file and that it would have a negative effect.

While Ms G later said that she had been told that if she had an arrangement in place the missed payments would not be classed as arrears, I have seen no evidence to support that statement. Rosinca very clearly referred to the account being in arrears throughout the conversations and its correspondence with Ms G. Initially that the mortgage would go into arrears, and then that she needed to, and was, making an arrangement to repay the arrears.

I know that Ms G will not agree with my findings, but I am satisfied that Rosinca made Ms G aware of the consequences of the arrangements she entered into with it. As such, I consider that she entered into the arrangements in the knowledge that they would be reported on her credit file and that it would have a negative effect on her credit rating. So I can’t conclude that Rosinca did anything wrong in reporting the payment arrangements and arrears as it did.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms G to accept or reject my decision before 13 January 2025.

Derry Baxter
Ombudsman