

The complaint

Mr L complains that N.I.I.B. Group Limited, trading as Northridge Finance, has reported a late payment to the credit reference agencies.

What happened

A used car was supplied to Mr L under a hire purchase agreement with Northridge Finance that he electronically signed in July 2023. The price of the car was £39,368, Mr L made an advance payment of £500 and he agreed to make 59 monthly payments of £840.20 and a final payment of £850.20 to Northridge Finance.

Northridge Finance tried to collect the payment of £840.20 that was due in March 2024 by direct debit on 4 March 2024 but it was rejected and it tried to collect the payment on 14 March 2024 by direct debit but it was rejected again. Mr L had phone conversations with Northridge Finance, including on 21 and 28 March 2024, about his payment and the payment of £840.20 was received from Mr L on 3 April 2024. Northridge Finance reported a late payment to the credit reference agencies.

Mr L complained to Northridge Finance about the late payment marker but it rejected his complaint and said that it must accurately reflect his payment history. Mr L didn't feel that his complaint had been investigated thoroughly and Northridge Finance responded to him again in May 2024 but rejected his complaint.

Mr L wasn't satisfied with its response so complained to this service. His complaint was investigated by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. She thought that Northridge Finance hadn't done anything wrong when it reported the late payment to the credit reference agencies as Mr L did breach the contract when he didn't fulfil his contractual payment obligations towards the account. She said that she couldn't reasonably tell Northridge Finance to remove the marker from Mr L's credit file.

Mr L didn't accept the investigator's recommendation and has asked for an ombudsman to make a decision on his complaint. He has provided detailed responses to the investigator's recommendation and he's also provided a letter to this service from his solicitor about 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.

Mr L entered into a hire purchase agreement in July 2023 and agreed to make 59 monthly payments of £840.20 and a final payment of £850.20 to Northridge Finance. Mr L made five payments of £840.20 to Northridge Finance but the direct debit that was due in January 2024 was rejected. The payment was made by direct debit later that month. Northridge Finance says that Mr L requested a change to his payment due date and the next payment was due from him on 2 March 2024 (which was a Saturday).

Northridge Finance tried to collect that payment by direct debit on 4 March 2024 but it was rejected. It says that it wrote to Mr L about the missed payment on 7 March 2024 but Mr L says that he didn't receive the letter. Northridge Finance tried to collect the payment on 14 March 2024 by direct debit but it was rejected again. It says that it wrote to Mr L again on 20 March 2024 but Mr L says that he also didn't receive that letter. Northridge Finance has provided a template of the letters that were sent and evidence from its records to show that the letters were sent to Mr L.

Mr L had phone conversations with Northridge Finance, including on 21 and 28 March 2024, about his payment. A phone call was made to Mr L by Northridge Finance on 21 March but Mr L didn't clear security. At the end of that call, when Mr L had to leave to go on another call, he said that he'd be making the payment later that month but I don't consider that Northridge Finance said that it wouldn't report his late payment to the credit reference agencies.

It's clear from the recording of the call on 28 March 2024 that Mr L was seeking an assurance that his late payment wouldn't be reported to the credit reference agencies. It's also clear from that call that Mr L was aware that his payment was being made late. Northridge Finance said that his March payment was 24 days in arrears and there was the *"potential for missing payments"*. I'm not persuaded that Mr L was told that the late payment wouldn't be reported to the credit reference agencies and, at that time, his payment was already at least 24 days in arrears.

Lenders are required to report true and accurate information about their customers' payment histories to the credit reference agencies. The information commissioner's office says: *"If you do not make your regular expected payment by the agreed time and/or for the agreed amount according to your terms and conditions, the account may be reported to the CRAs as being in arrears"*. Mr L has provided a copy of his credit file from a credit reference agency. That credit reference agency's website says: *"Creditors generally report late payments to the credit bureaus once you're at least 30 days late"*; but Northridge Finance says that payments made more than fifteen days after the due date may be reflected on a credit file.

Mr L's payment was received by Northridge Finance on 3 April 2024, 32 days after the payment due date. Northridge Finance reported a late payment to the credit reference agencies. Mr L's payment was late so I consider that it's a true and accurate record of his payment history for it to report the payment as being made late.

I've carefully considered Mr L's responses to the investigator's recommendation and his solicitor's letter to this service. I've not responded to all of the points that have been made but have addressed the issues that I consider to be necessary for me to make a decision on Mr L's complaint. Having done so, I don't consider that Northridge Finance acted incorrectly in reporting Mr L's late payment to the credit reference agencies and I'm not persuaded that it would be fair or reasonable in these circumstances for me to require it to remove the late payment or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 February 2025.

Jarrold Hastings
Ombudsman