

complaint

This complaint is about a mortgage Mr K held with NRAM plc until recently. He's unhappy that NRAM reported to credit reference agencies that he failed to make a payment to the unsecured part of his debt in the same month that he repaid the secured part.

background

There were two components to Mr K's mortgage, a secured element and an unsecured element. In September 2014, he repaid the secured element in full; in fact, he paid about £600 more than he needed to. The unsecured element remained outstanding, with a payment due that month of approximately £157, which wasn't paid.

On the same day that NRAM returned the £600 or so that Mr K had overpaid on the secured part of the mortgage, it sent him another letter chasing the unpaid instalment on the unsecured part. Mr K made up the missed payment, but NRAM reported it on his credit files as a late payment. Mr K thinks this is unfair.

The adjudicator agreed. He thought NRAM could have transferred part of the overpayment to cover the instalment and refunded the residue to Mr K. He recommended NRAM remove the adverse entry from Mr K's credit files and pay him £100 compensation.

NRAM say it will pay the £100, but doesn't believe it should change the credit file entry. It says it's not its normal process to switch money between the secured and unsecured parts of a mortgage. It had no instruction from Mr K to do this, and it couldn't have known he wasn't going to pay the unsecured instalment before the end of the month.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I agree with the adjudicator.

This case is less to do with who did what, and all to do with what is fair. I appreciate Mr K didn't instruct NRAM to switch part of the overpayment to cover the unsecured instalment, but he may not have realised he needed to. Meanwhile, NRAM could have called him to ask what he wanted it to do with the overpayment.

I imagine this is a relatively unusual situation, so I don't necessarily criticise NRAM for not contacting Mr K. But the fact remains that, either by accident or design, Mr K had paid NRAM more money than he owed it, so it can't be fair for his credit files to show otherwise. The recording of information on credit files is meant to reflect borrowers' adherence to their obligations to their creditors, not their knowledge of their creditors' systems and procedures.

my final decision

My final decision, for the reasons given, is that I uphold this complaint.

In full and final settlement, I direct NRAM plc to amend Mr K's files with credit reference agencies to show that the payment due to his unsecured loan for September 2014 was paid in full and on time. I further direct it to pay Mr K £100 for his time and trouble.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr K to accept or reject my decision before 10 July 2015.

Jeff Parrington
ombudsman