

## **The complaint**

Mr D complains that Amigo Loans Ltd ('Amigo') incorrectly reported his loan as active to the credit reference agencies after he had repaid it. He is also unhappy Amigo reported a missed payment on his account when he was making payments under an arrangement.

## **What happened**

Mr D settled his Amigo loan in full in July 2023. Mr D says he was hoping to apply for a mortgage to buy the property he rented and it had been suggested that repaying the Amigo loan could improve his chances of being accepted for a mortgage.

Mr D emailed Amigo to complain on 20 October 2023 after finding his Amigo loan was still showing as active on his credit file. He says that because his Amigo loan was still showing as active, he couldn't get a mortgage.

Amigo had been experiencing financial difficulties which meant it wasn't able to continue to pay compensation for complaints about lending. Because of these financial difficulties, Amigo entered into what's called a 'Scheme of Arrangement' to help it pay back some of what it owed to its creditors. As part of this, money was made available for Amigo to respond to complaints and pay compensation where necessary. The Financial Ombudsman Service is not involved in operating the Scheme of Arrangement in any way.

Mr D was still waiting to hear the outcome of his claim under the Scheme of Arrangement when he brought his complaint about Amigo continuing to report his loan as active to credit reference agencies.

Amigo responded to Mr D's complaint and accepted it had incorrectly reported his loan as active to the credit reference agencies after he had repaid it. It explained that this had been caused by a technical problem with its IT systems and offered Mr D £50 compensation. It also explained that Mr D would shortly hear the outcome of his claim under the Scheme of Arrangement, and let him know that this would include removing all information about his Amigo Loan from his credit files.

Our Investigator considered the complaint. He concluded that as part of the remedy to Mr D's complaint – the removal of information about the Amigo Loan from his credit file – had come about because of a claim under the Scheme of Arrangement, the Financial Ombudsman Service couldn't consider this complaint.

Mr D disagreed with the Investigator and asked for an ombudsman to review his case.

I set out my provisional thoughts in an email to Mr D earlier this week, copying in Amigo. I explained that I disagreed with the Investigator's assessment of our jurisdiction to consider the complaint – I thought we could look at it. I said this because Mr D's fundamental complaint is about an activity not covered under the Scheme of Arrangement and is a regulated one open to the Financial Ombudsman Service to consider.

I also explained that as Amigo has agreed to remove all information about Mr D's loan from his credit file as if it never existed, it has gone further than I would have directed it to do had I been able to investigate his claim about it agreeing to the loan and found that it shouldn't have lent to him. In those circumstances, I would've directed Amigo to remove only the negative information about the loan showing on Mr D's credit file – for example any missed payment markers.

This left me to consider whether the £50 Amigo has offered was fair. I noted that Mr D settled his loan in July 2023 and that Amigo was still reporting the loan as ongoing as recently as October 2023. Mr D emailed Amigo to complain on 20 October 2023 after finding out his Amigo loan was still showing as active on his credit file. Amigo replied on 6 November 2023 to say the information would be removed altogether within a week. I thought the events fitted the description of a one-off small administrative error and a short delay, so I was minded to say the £50 offered was fair.

Mr D has replied to say he does not accept £50 for all the damage Amigo has caused. He says he has had to move to a property with a higher rent and will have to suffer this for a year before applying again for a mortgage.

### **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've carefully considered Mr D's comments, but I'm not persuaded to reach a different outcome. I'll explain why.

I've still not seen that Mr D went ahead with a mortgage application which was then turned down – Mr D suggests this information is showing on his credit file but he has not made a copy available for me to consider. I should point out that there could be many reasons behind a lender not accepting a mortgage application and the reasons don't appear on credit files – only that a search was made. Even if I were to accept the only reason Mr D was not accepted for a mortgage had been because his Amigo loan was still showing as active on his credit file, he still could have evidenced that he had repaid the loan in full, for example by giving the lender a bank statement showing the payment leaving his account.

Using financial services won't always be totally hassle free and we wouldn't award for things that aren't more serious than the normal nuisances of everyday life. So just because there's been a mistake it doesn't necessarily follow that we would always award compensation.

An apology or small monetary award of less than £100 will fairly compensate a one-off incident or occurrence – such as a small administrative error or a short delay. Mr D emailed Amigo to complain on 20 October 2023 after finding the Amigo loan was still showing as active on his credit file. Amigo replied on 6 November 2023 to say the information would be removed altogether within a week. So, I think this description of a one-off small administrative error and/or a short delay fits the circumstances of this case. It follows, I think the £50 offered is fair.

I note that Mr D also complained that Amigo reported a missed payment on his account when he was making payments under an arrangement. But as Amigo has since removed all information about Mr D's loan from his credit file, I've not considered this further as it did not cause further detriment beyond that I've already dealt with in the above.

**My final decision**

Amigo Loans Ltd has already made an offer to pay £50 to settle the complaint and for the reasons I've explained, I think this offer is fair in all the circumstances.

So, my decision is that Amigo Loans Ltd should pay £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 January 2024.

Stefan Riedel  
**Ombudsman**