

The complaint

Mr W complains through his solicitor that Barclays Bank UK PLC recorded incorrect information on his credit file.

What happened

Mr W had a buy to let mortgage with Barclays since 2014 and paid £1,629 per month collected through the Direct Debit system. Mr W's payments were due on 3rd of each month. The payment due on 3 November 2021 wasn't paid when due. The payment due on 3 December 2021 wasn't paid when due. Mr W says that he paid both amounts on 29 December 2021. When Mr W applied for a new mortgage, he was told that there was an issue with his credit record which shows that the payments were two months late or two months in arrears and that his credit record was impaired. Mr W says that his credit record is inaccurate in that although the December payment was late, it was not two months late as he says is set out in the credit report.

Barclays confirms that it tried to collect the Direct Debits on the 3rd of November and similarly in December and again later in both months but was unable to do so. It says that Mr W's accountant appears to have tried to send the money to Barclays on 29 December 2021, but it was sent to the wrong account and Barclays didn't receive it then. The money wasn't received by Barclays into the correct account until February 2022.

Our investigator's view

Our investigator didn't recommend that this complaint should be upheld as Barclays had supplied correct information to the credit reference agencies which was recorded on Mr W's credit file. Mr W disagreed saying in summary through his representative that the evidence showed that payment was made to Barclays in December and not in February and this should be reflected in Mr W's credit report.

My Provisional findings.

As my view of this complaint differed from that of our investigator, I issued a Provisional Decision which I've set out below. I said:

"Mr W has a buy to let mortgage with Barclays and makes payments each month and payments are collected through the Direct Debit system which collects the payments to a Barclays account ending in 1123. Payments were collected on the third of each month but the payments for November and December 2021 were returned unpaid due to insufficient funds both on and around the third and again when a second collection was attempted around the fifteenth of each month. That much is accepted, and this complaint relates to how this information is presented in the credit file.

There is a separate issue as to when the payment was made and when it was credited to the account which I've spent some time trying to understand which involved me in correspondence with Mr W and his representative and Barclays.. In his letter to Barclays of 4 March 2022 Mr W says that the payments were made for the two months on 24 December

2021. I see that Mr W's accountant made a payment on 29 December 2021 and that seems to have been when the payment of £3,258.44 which was made to cover the two months that were late. What happened that payment?

In an email to us Barclays said that it had gone into an incorrect account and wasn't made to the correct account until February. I had difficulty understanding that as the payment had gone to the account that was the source of the Direct Debit, an account which ended 1123. Barclays told me it should have gone to the account ending 7228. I queried this again and Barclays told me it had gone in fact to the correct account and an error by Barclays meant that it was unallocated incorrectly.

I gather the situation is that the account ending 1123 is used for Direct Debits for this particular type of mortgage but that if any other payment is received into this account other than a Direct Debit - such as the Chaps payment that was made on 29 December 2021 - it would not be actioned and appear in reconciliation to be investigated. There is a different account for Chaps payments which is account ending 7228. I can't see that either Mr W or his representative would have been aware of this. Barclays says that the Chaps payment that arrived in account ending 1123 should have been manually applied to Mr W's account or returned to Mr W but neither was done.

But this complaint is about Mr W's credit record. My concern was if the December payment - or rather the payment due on 3 December - was paid on 29 December and therefore in December but not allocated to the account in December would that lead to an incorrect entry on the credit record. Barclays response is that with this type of mortgage, the mortgage payments are collected in arrears and that the payment needs to be received by the 3rd of the month or else it would be reported as late. So, as the December payment was not received by the 3rd even if received later in December it would be reported as not made on time. As the payment was made late, it seems reasonable to record it as paid late.

Mr W's complaint is that whilst he accepts that the payments for both months were late they weren't two months late and that the credit record is inaccurate. Looking at the credit file, I note that it has a list of months with a circle relevant to each month showing mostly the letters OK. Below that list there is an explanation that says that OK means that the payment is made on time. There are two months that don't have OK which are the months of November and December 2021. As OK means the payment was made on time, I deduce that if OK doesn't appear that the payment wasn't made on time and in these two months the payment wasn't made on time.

Barclays will have supplied the credit reference agencies with that information, and it doesn't appear to me that Barclays supplied inaccurate information. Mr W's issue appears to be with how this information is processed by the credit reference agencies. His difficulty is that if there is a circle with 2 in it, the credit reference agencies say that the payments are two months late or two months in arrears. My reading of that is that those payments were paid late for the two months of November and December, and I don't consider that inaccurate, so I don't require Barclays to take any action to amend Mr W's credit record.

There is one other issue. I see that on 27 January 2022, when Barclays was about to discuss with Mr W a remortgage application, it emailed Mr W to tell him that the December payments had been paid to an incorrect account number and "this is the reason the Arrears remain in place". The suggestion in that was that the account reference was wrong, which it wasn't, or it went to the wrong account which it didn't and so the account was still in arrears, but it wasn't. In fact, there was an error on the part of Barclays by not allocating the December payment to the correct account and there would be no arrears when the email was sent. Because of that I intend to uphold this complaint.

I believe that this had no effect on the credit record that I've seen but there was clearly an interruption to Mr W's application for a remortgage, incorrect information that the account was not then up to date, which required some effort on Mr W's part to find out what had gone wrong and to rectify it when in fact it had been paid into the correct account. I believe that an award of £200 would fairly reflect the impact it had on Mr W as I believe that he would have suffered a degree of frustration and annoyance at this although his main concern was with the effect on his credit record which I don't consider was affected by this."

I issued my Provisional Decision and invited further submissions from Mr W and from Barclays by 7 December 2023. Barclays confirmed it was happy to accept the Decision. I received no further submissions from Mr W.

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.

Before issuing my Final Decision I've reviewed this complaint and file and the further submission by Barclays. I'm satisfied that for the reasons set out therein that my Provisional Decision represents a fair outcome to this complaint. So, for the reasons set out in it I uphold this complaint and award Mr W compensation of £200.

Putting things right

Barclays Bank UK PLC should pay Mr W £200.

My final decision

My decision is that I uphold this complaint and require Barclays Bank UK PLC to pay Mr W £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 January 2024.

Gerard McManus
Ombudsman