

The complaint

Mr and Mrs W complain that a mortgage payment made to Bank of Scotland plc trading as Birmingham Midshires ("BM") only a matter of hours late, was recorded as a missed payment. Mr and Mrs W said that would impact them for years, and they wanted it removed.

What happened

Whilst this complaint is brought by both Mr and Mrs W, as the mortgage is in both their names, our dealings have been with Mr W. So I'll mainly refer to him in this decision.

Mr W told us Mrs W makes a manual payment to their BM mortgage each month. The payment is due on the 28th of each month. Mr W said that in July 2022, Mrs W was no more than hours late making this payment, and he told us about the circumstances that caused this. Mr W said that the payment didn't register until 1 August, and because of this BM had recorded a missed payment on both their credit files.

Mr W said he realised in December this had happened, and asked BM to remove the mark, but it wouldn't. Mr W said this was injurious and malicious. He told us about a previous negative experience with BM, and it's clear that he feels very strongly about this. Mr W said that he and Mrs W were creditworthy, and he didn't think their credit rating should be affected for years over something as meaningless as this. He wanted BM to remove the offending mark from their credit files.

BM didn't agree. It said their payment, which was due on 28 July, wasn't received until 1 August. BM said it's obliged to report accurately how a mortgage account has been maintained by its customers. And it said it had correctly reported this to credit reference agencies, because no payment was received in July. BM has suggested they either pay by direct debit in future, or change the date their payment is due.

Mr W wrote again, to say that what BM had done might be factually correct, but he didn't think it was fair. And he said that if BM could record a missed payment when they'd only missed by hours, he wanted to know why the following month didn't show two payments being made. He thought that would be fair.

Mr W repeated that he'd previously had a very poor experience with BM, and he thought having stood up to BM at the time meant he would have a mark on his mortgage. And he thought that borrowers in the current climate should be treated with some degree of compassion and empathy.

Our investigator didn't think this complaint should be upheld. He said that BM needs to receive a monthly payment from Mr and Mrs W each month, and it hadn't received that payment in July 2022. So, whilst he said he was sympathetic to Mr and Mrs W, he didn't think BM had to remove this marker. He didn't think what it had done was a mistake, and BM does have to report accurate information about all its consumers at all times, so Mr and Mrs W hadn't been treated any differently.

Mr W replied to disagree. He said he'd explained why he didn't pay by direct debit. And he said the outcome here wasn't fair and reasonable. He didn't think it could be fair and reasonable for someone to be affected for years over this. Because no agreement was reached, this case then came to me for a final decision.

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 understand that Mr W feels very strongly about this issue, and indeed about BM more widely. So I'm sorry to have to tell him that I've reached the same overall conclusion on this complaint as our investigator. I don't think BM has to remove the negative mark on Mr and Mrs W's credit files.

Although I understand Mr W thinks BM would be singling him out, because of his previous experiences with it, I've not seen anything at all here to make me think that's the case. Mr and Mrs W's payment was due on 28 July. There's no dispute that it wasn't paid then. And it wasn't received by BM until 1 August. So Mr and Mrs W just didn't make their monthly payment for July. That triggers an automated process, which records that missed payment on their credit files.

I appreciate that this was simply an oversight, and I understand how this happened, but I don't think that means BM should pretend it didn't happen. BM is, as it said, under an obligation to tell credit reference agencies how its customers are managing their accounts. That's the agreement it has with those agencies, that it will provide honest and accurate information, and it means that in turn BM can rely on the information that other lenders provide, as an accurate assessment of how other lending is being managed.

Mr W said that if BM could record a missed payment one month, then it should also record two payments as being made in the following month. He thought that would be fair. But that is, in essence, what BM has recorded. Each month, what it's actually telling the credit reference agencies isn't whether a payment has been missed, it's actually whether Mr and Mrs W are a full monthly payment in arrears on their mortgage.

As an example, I can see months where they have paid in part during the relevant month, then caught up in the following month. This happened in May 2022, and BM didn't report a missed payment, for that month, because they weren't a full payment in arrears.

So what was recorded for July 2022, was that Mr and Mrs W were a month in arrears on their mortgage at the end of July 2022. They then caught up with everything owed in August, and no arrears were reported then. That shows any future lenders that, although Mr and Mrs W didn't make their payment in July, they did then catch up in August. I think that's fair.

Mr W has told us he just doesn't think it can be fair and reasonable for BM to mark their credit files, which he expects will have very significant consequences for any lending in the next six years. But BM doesn't decide those consequences. It only provides the credit reference agencies with an accurate record of the payments made. I'm sorry to have to tell Mr and Mrs W that I don't think it's unfair or unreasonable for BM to have provided that accurate record, and I don't think it has to change this now.

I know that Mr and Mrs W will be very disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 26 January 2024.

Esther Absalom-Gough
Ombudsman