

The complaint

Ms M complains that Experian Limited is misreporting a closed credit card account on her credit file.

What happened

Ms M had a credit card with a business I'll call C. Ms M has explained that in November 2018 she entered into a Debt Management Plan (DMP) via a third party organisation that provides debt advice. Ms M made payments under the DMP but C failed to note an "arrangement to pay" on her credit file. Ms M has explained that C upheld her complaint and contacted the various credit reference agencies to amend the information recorded about her credit card to include an arrangement to pay.

Ms M has explained that the other credit reference agencies were able to update her credit file to include the arrangement to pay. But Experian has explained that because the debt was sold to another business, it's applied a "sold" flag to Ms M's credit file. And Experian says that marker supersedes the arrangement to pay flag Ms M is asking it to report. And Experian's explained that as the debt has been sold, it can't now apply the arrangement to pay flag to Ms M's credit file.

Ms M complained and Experian issued a final response. Experian said its systems are designed to record the most up to date information on a credit file. Experian explained that it can't record two separate flags at the same time. And Experian's explained the most recent information recorded in respect of C's debt was that it had been sold to another business. Experian added that Ms M could add a Notice of Correction to her credit file to explain she was in an arrangement to pay, or DMP, between November 2018 and April 2019.

An investigator at this service looked at Ms M's complaint. They thought Experian had dealt with Ms M's complaint fairly and didn't ask it to take any further action. On Ms M's behalf, Mr M asked to appeal. Mr M said Experian had incorrectly recorded missed payments on Ms M's credit file between November 2018 and March 2019. Mr M added that if Experian can't include the arrangement to pay flag during those months it should replace the missed payments with "U" or unknown as a fairer reflection of the credit card. As Mr M asked to appeal Ms M's complaint, it's been passed to me to make a 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.

In his response to the investigator, Mr M said Experian was incorrectly recording arrears on Ms M's credit file between November 2018 and April 2019. But whilst Ms M was in an a DMP, that agreement meant she was making payments that were lower than the contractual monthly payment. So whilst Ms M was making a lower payment, her account was in arrears on the basis she wasn't paying the full amount. Experian's website explains that when a consumer is in an arrangement to pay, it will still show that reduced payments have been made. That means, despite being part of an arrangement to pay, arrears can continue to

build and be reported. So even if Experian was able to amend C's credit card record to include the arrangement to pay, the arrears would continue to be recorded.

Experian's also explained that due to the way its systems operate, it reports the most recent account status via its flag on Ms M's credit file. But when the account was closed at default and then sold, the most recent relevant flag reflected the transfer of ownership not the arrangement to pay.

Experian has explained it can't amend Ms M's credit file further but has given the option of adding a Notice of Correction. In my view, that's a reasonable alternative as it means Ms M can record the fact she was in an arrangement to pay between November 2018 and April 2019, when the account defaulted, and her credit file will also show the debt has been sold to a new owner.

Mr M has suggested it would be more accurate for Experian to amend the credit file and use "U" or unknown for the months Ms M was party to the arrangement to pay. But I'm satisfied the payment record is a fair reflection of how the account was operated. I haven't found grounds to tell Experian to record a "U" in place of the arrears showing between November 2018 and April 2019.

I'm very sorry to disappoint Ms M but I'm satisfied that Experian has explained why it can't now apply an arrangement to pay flag to C's credit card record. And I'm satisfied that the offer of applying a Notice of Correction to add the detail that Ms M was party to an arrangement to pay between November 2018 and April 2019 is a reasonable alternative. As I'm satisfied Experian is accurately recording C's credit card as far as possible and has provided a reasonable work around, I'm not telling it to make any changes.

My final decision

My decision is that I don't uphold Ms M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 26 September 2023.

Marco Manente
Ombudsman