

The complaint

Mr W complains about a defaulted account showing on his credit file, which he believes Experian Limited (Experian) should be reporting as closed.

What happened

Mr W held an account that was sold to a debt purchaser, which I'll refer to as Company A, which he says is now closed. He complained to Experian about the account incorrectly showing in a defaulted status on his credit report. He asked Experian to amend the account status to closed and pay him compensation for the harm and distress caused to him.

In its final response, Experian said the information recorded is provided by third parties, and it hadn't received anything from Company A confirming the account should be displayed as closed. Experian raised a dispute and explained to Mr W that it cannot make any amendments to his report unless it receives permission to do so by Company A.

Unhappy with Experian's response, Mr W referred his complaint to this service. Our investigator reviewed matters and concluded that Experian was not responsible for the information displayed and had met its obligations by raising the dispute with Company A.

Mr W didn't accept our investigator's findings. As no agreement has been reached, the matter has been passed to me to decide.

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 considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

I'm aware Mr W has also raised a complaint with Company A about this issue. To clarify, I will only be addressing Experian's role in the matter in this decision.

The information held by Credit Reference Agencies (CRAs) is provided by sources such as financial businesses, local authorities and utility companies, who are the owners of the data. Experian is only able to display the information it is provided with by the data owners, so isn't responsible if there are any inaccuracies in the data it's given.

However, CRAs are expected to take reasonable measures to ensure the information that is reported by lenders via their credit files is accurate. So, I'd expect Experian to raise a dispute with the data owner, if notified of a possible inaccuracy.

Experian can only amend information it holds if the data owner confirms the information is wrong. If the data owner says the information is accurate and does not give permission for it to be amended, Experian cannot change it.

In Mr W's case, Experian has shown that it did raise a dispute with Company A, and it didn't agree for the data to be changed. Company A's response has been shared with Mr W, which confirmed the account defaulted in 2020 and it is required to continue reporting the original default.

Because of this I can't say that Experian has acted unfairly by continuing to display the information it has been provided.

It may also be helpful to note that settling a defaulted account doesn't mean the default recorded prior to it being settled will no longer be displayed. The information about a default will stay on a credit file for six years from the date the account defaulted, regardless of if the account is later settled.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 January 2024.

Nicola Bastin
Ombudsman