

## **The complaint**

Mr S complains that Creation Consumer Finance Ltd recorded the wrong default dates on his credit file.

## **What happened**

Mr S had two accounts with Creation. On 8 June 2018 he entered into an individual voluntary arrangement (IVA). But Creation defaulted his accounts in January 2019, and sold them to a third party.

Creation reported the defaults to the credit reference agencies with the dates 4 and 7 January 2019. When Mr S discovered this in August 2023, he complained to Creation, who initially told him to raise the matter with the third party who now owned the accounts. Creation later accepted responsibility, and asked Mr S to provide evidence about the IVA so that they could verify the date. On 1 September, it closed his complaint without amending the dates, and without explaining why. However, Creation has since told our service that it was because Mr S had not provided the evidence he had asked for until later in September. On receiving that new evidence, it had decided to amend the dates.

On 5 October 2023, Creation wrote to Mr S to tell him it had asked the credit reference agencies to correct the default dates to the date of the IVA, and that this would take up to 28 days to take effect. It sent him the same letter again 20 days later. But in November, Mr S complained that this had not happened, and that the wrong dates were still showing on his credit file. By then, Mr S had already brought this complaint to our service.

Our investigator upheld this complaint. He said that Creation should have accepted responsibility for the matter straight away, and that it had inconvenienced Mr S by referring him to the third party. For that error, he recommended that Creation pay Mr S £100, since Mr S had spent 43 minutes on the phone to Creation before they fobbed him off to the third party. But he thought that it had been reasonable of Creation to ask Mr S for evidence of the IVA, and that it had not received this evidence until after it had closed Mr S's complaint. On receiving it, Creation had acted within a reasonable time (he said about three weeks) to update how it was reporting Mr S's accounts on his credit file. Because of that, and because there had been no financial impact on Mr S, the investigator declined to award the £1,000 Mr S had asked for.

Mr S did not accept that decision. He said that £100 was insulting because it did not reflect the four months of stress he had endured – he had been trying to get a mortgage at the time. He had found it difficult to speak to anyone at Creation, because he'd had to navigate through a maze of multiple choice menus on the phone calls to get through to anyone; Creation had also given him (via a third party) a phone number to call, which had turned out to be a wrong number. He said it had actually taken Creation longer than three weeks to amend his credit file, once it had told him it was going to. This case was therefore referred for an ombudsman to consider.

Later, Creation told the investigator that it had already paid Mr S £500 as compensation, following an internal review of the complaint. (Mr S still wished to pursue this complaint.)

## **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.

Having done so, I think that £500 is fair compensation for everything that happened, and so I do not require Creation to do more.

I do agree with Mr S that there were more errors made than just telling him to raise the matter with the third party who bought the accounts. It should not have taken 43 minutes to discuss the matter with him (whatever the outcome of that call). He should not have been given a wrong number to call. And I take into account the fact that the matter would have been made more stressful by the fact that Mr S was taking steps to obtain a mortgage at the time.

Balanced against that, however, I agree with my colleague that Creation was entitled to ask Mr S to provide evidence of the IVA before it took any action. When the requisite evidence was not received, Creation acted reasonably when it closed the matter on 1 September 2023. When Mr S provided what was needed on 21 September, Creation responded promptly by asking the credit reference agencies to update their records on 25 September.

As I've said, Creation wrote to Mr S on 5 October to let him know that the default dates would be corrected within 28 days, but that did not happen. A second letter to that effect was sent on 25 October; both letters state that Creation had updated the credit reference agencies on 25 September. So although Mr S's credit file was not updated as quickly as Creation had expected, I cannot be satisfied that that was Creation's fault. All Creation can do is update the credit reference agencies; what happens after that is outside its control.

For these reasons, I do not think that it was all Creation's fault that it took four months to sort out.

Having regard to all of the above matters, I think that £500 is fair compensation.

## **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 May 2024.

Richard Wood  
**Ombudsman**