

## **The complaint**

Mr A complains that The Mortgage Works (UK) Plc made errors in how it reported his buy to let mortgage to his credit file.

## **What happened**

Mr A has a number of buy to let properties, one of which is mortgaged to TMW. The property was empty while being refurbished, and the lack of rent and rising interest rates meant Mr A had difficulty with the mortgage payments.

In May 2023 Mr A spoke to TMW and agreed a nil payment arrangement for May June and July. TMW told Mr A that his credit file would show that the payments had been missed but that there was an arrangement in place.

Mr A resumed payment in August 2023, and also paid the missed payments for the period of the arrangement.

Mr A then checked his credit file, and found that TMW had reported for July that he was in three months' worth of arrears. Mr A immediately contacted TMW. He said that he was in the process of purchasing another property and was concerned about the impact of the reporting to his credit file on his ability to raise finance. When the issue wasn't resolved, he made a complaint.

TMW agreed it had made an error and said it would correct Mr A's credit file. It said it might take some weeks for the amendment to appear. It offered £125 compensation.

Mr A wasn't happy with that. He said he had been forced to withdraw from his property purchase. He said property investment was his livelihood and TMW had jeopardised that.

Our investigator thought TMW had made a fair offer, so Mr A asked for his complaint to be reviewed by an ombudsman.

## **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.

Mr A has provided a copy of his credit file, and I'm satisfied it's now correct. It shows that he was in an arrangement for the months of June and July 2023, but that his payments are currently up to date.

The arrangement Mr A entered into would always have showed on his credit file. He missed payments by arrangement with TMW. It's right that his credit file shows that – it wouldn't be correct for it to show that he made payments in full and on time for those months when he didn't; but equally it wouldn't be correct to show that he'd just missed them without discussion with the lender. So his credit file shows he was in an arrangement to pay. And because he paid the missed payments in August, it shows he's currently up to date.

TMW did incorrectly report that Mr A was in arrears in July 2023. That wasn't right. As soon as he realised, Mr A contacted TMW. TMW sent a correction to the credit reference agencies within a couple of days, which I think is reasonable.

It does take a few weeks for a correction to be processed. That's a matter for the credit reference agencies, and not something I can hold TMW responsible for; TMW made the request promptly.

However, I agree with Mr A that he wouldn't have been in that position if TMW hadn't made a mistake in the first place. So I've considered the impact on Mr A of the whole period his credit file showed wrong information – not just up to the point TMW sent through the correction.

As I say, I'm satisfied that Mr A's credit file, as recently provided to us, is now correct. And I don't think it's unreasonable that it shows that Mr A missed payments by arrangement in June and July, catching them up in August. That's what actually happened.

I don't think I can fairly hold TWM responsible for the issues Mr A has raised with his property sale and purchase around this time. He says he was in the process of buying a property, and selling one of his to facilitate the purchase, but would need finance too. When the error with his credit file happened, he thought he would be unlikely to be able to raise finance so pulled out of the sale and purchase.

I don't think I can hold TMW responsible for that, or the consequences of it. In the first place, Mr A didn't actually apply for finance. Secondly, even if his credit file had been correct I'm not persuaded it's likely he would have been able to obtain finance without problems.

In my experience mortgage lenders are likely to refuse an application from a borrower in arrears on another mortgage – but the same is true where a borrower is currently missing (or has very recently missed) payments by arrangement. To the extent that Mr A was unable to raise finance, or would have been unable to had he applied, I think that the ultimate cause of that was that Mr A was unable to maintain the payments on this mortgage around the same time – not how TMW recorded that he hadn't done so. I don't think I can safely say that it's more likely than not that Mr A would have successfully applied for another mortgage if his credit file had – correctly – shown that he was missing payments by arrangement.

I'm not therefore persuaded that TMW's error caused Mr A any financial loss, or was the cause of his property transaction not going ahead.

However, I do think that the error caused him understandable upset and frustration. And while TMW put it right very quickly it's right that it compensates him for the impact that had. I think its offer of £125 is fair.

### **My final decision**

My final decision is that I'm satisfied The Mortgage Works (UK) Plc has made a fair and reasonable offer to settle this complaint. If it hasn't already done so, it should pay Mr A £125 compensation.

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

Simon Pugh  
**Ombudsman**