

The complaint

Mr O complains Bank of Scotland plc trading as Birmingham Midshires (BM) applied a missed payment marker on his credit file when they couldn't collect his mortgage payment by direct debit.

What happened

Mr O has an interest only buy to let mortgage that he took out with BM in 2006.

In February 2023 BM were unable to collect his usual contractual monthly mortgage payment (CMP) by direct debit. They wrote to Mr O to let him know. BM's letter explained they hadn't been able to collect his CMP since there wasn't enough money in his bank account for it to be taken; they'd try again in ten working days; if the payment was taken from Mr O's bank account in the month after it was originally due, it would be a late payment and could affect his credit score; interest would be applied on the missed payment until it was paid; if he wanted to pay another way he could end up paying twice when they tried to take his mortgage payment again; but if he wanted to talk about how to pay or he'd paid separately, he could call them on the number provided.

Mr O was unhappy BM reported a missed payment to credit reference agencies (CRAs) and complained. He said the February letter had been unclear. He'd understood if he paid manually there would be a risk of paying twice. And he said he'd called BM in February when he wasn't asked any questions about his account but was told BM would try to collect the payment in ten days' time.

BM didn't uphold Mr O's complaint. They said their letter had been clear; there was no record of him calling in February; and they hadn't advised against making a manual payment. BM said too they were right to report the missed payment to CRAs since he'd agreed to that on signing up to the mortgage and they were required to provide a true and accurate record of their customers' mortgages each month.

Since Mr O was unhappy with that outcome, he brought his complaint to the Financial Ombudsman Service. Our investigator didn't think BM had treated Mr O unfairly. Since Mr O didn't agree, his complaint's 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.

Whilst I understand Mr O will be disappointed, I've come to the same outcome as our investigator for similar reasons, as I'll explain.

Under Financial Conduct Authority (FCA) principles, firms are expected to communicate with their customers in a way that is clear, fair and not misleading. I'm satisfied the letter BM sent to Mr O met the FCA guidelines. It warned a missed payment could be reported if the CMP was made in the month after it was originally due. Given the timing of Mr O's payments, that

would be the case for him. I can understand Mr O's concern about paying twice. But the letter didn't say he shouldn't make a payment manually and it gave a number to call to discuss things.

I'm aware Mr O recalls phoning BM in February. He's mentioned BM didn't ask him for any account details and told him they'd try to request the payment again in ten days' time. It sounds as if he may have made a general enquiry. He thought he'd rung BM on his mobile. But BM haven't found any record of him ringing on that number or his landline. I understand Mr O may have called from another number. But, unfortunately, he isn't able to confirm when he made the call and on what number. So, it's not possible to know exactly what was discussed.

It wasn't unreasonable for BM to report the missed payment to the credit reference agencies (CRAs). Mr O agreed to them sharing information about his account with CRAs when he took the mortgage out. And it was a true reflection of the state of his account at the time.

In all the circumstances, whilst I understand Mr O's frustration, I don't think BM acted unfairly. So, I don't uphold Mr O's complaint.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 11 January 2024.

Julia Wilkinson
Ombudsman