

## **The complaint**

Ms S' complaint is about the information Bank of Scotland plc trading as Birmingham Midshires (BoS) recorded on her credit file about one of the mortgages she has with it. She is unhappy that the payment for January 2023 was recorded as missed. Ms S said the missed payment on her credit file had caused her significant financial detriment as it prevented her from changing lenders on this or another mortgage she holds, or securing another interest rate product for the mortgage

## **What happened**

Ms S has a buy-to-let mortgage with BoS, which she arranged in 2017. The mortgage payment that was due to be made on 19 January 2023 wasn't paid – the direct debit failed. Ms S called BoS on that day and was told that the payment had to be made within the calendar month for it not to be reported as missed on her credit file.

BoS' system automatically represented the payment request under the direct debit mandate when the first attempt bounced. The payment was collected, and it cleared onto Ms S' mortgage on 2 February 2023. As such, BoS recorded that the January 2023 payment had been missed.

Ms S told BoS shortly afterwards that she had tried to make the payment manually but had been unable to do so. This was because the payment had been requested under the direct debit mandate, and so those funds were reserved in her account. Ms S complained about the payment having been recorded as missed on her credit file.

BoS responded to Ms S' complaint in its letter of 8 March 2023. It set out what had happened and confirmed that it had been right to record the payment as missed, because it hadn't been paid in the calendar month it was due. The complaint was rejected.

Ms S wasn't satisfied with BoS' response and asked us to look into her complaint. When she did, she raised a new issue about having been unable to attach a new interest rate product to her mortgage.

One of our Investigators upheld the complaint. Ultimately, he considered that while technically the payment had been made late, he was persuaded this was only because BoS had made a second payment request under the direct debit mandate that prevented Ms S from making a manual payment in time. The investigator recommended that BoS remove the missed payment marker for January 2023. He also informed Ms S that she needed to raise a new complaint point about accessing interest rate products with BoS.

BoS accepted the investigator's conclusion and confirmed that it had actioned the change to the credit file reporting data.

Ms S didn't accept the investigator's conclusions. She said she was in significant financial difficulties because of the late payment markers recorded on this mortgage in 2021 and 2023. This was because she had been unable to refinance her residential mortgage to repay

her bridging loans and obtain a better rate of interest for that and her other mortgages. She did not consider that BoS' actions had been fair.

In relation to Ms S' comments regarding her financial loss, the investigator noted that Ms S had told him that she had been offered a new interest rate product on her BoS mortgage. She had decided not to accept the product. As such, the investigator was not persuaded Ms S took reasonable actions to mitigate any potential losses and so he couldn't ask BoS to do anything further.

Ms S didn't accept the investigator's conclusions. She reiterated her thoughts that late payment markers BoS had registered against her (not just the one in question on this case) had caused her financial difficulties. This had meant she could not repay the first of her bridging loans when its term expired and was being threatened with repossession of her home. It had also meant she'd been unable to make the payments to the mortgage involved in this case. Ms S asked that the complaint be referred to an ombudsman.

I issued a provisional decision on 23 June 2023, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

*'This complaint is about a specific missed payment marker in January 2023. Our investigator was persuaded this payment wouldn't have been made late had Ms S been able to make a manual payment, but she was prevented from doing so due to the second collection through the direct debit mandate. Having reviewed the evidence, I am in agreement with our investigator on this point. I am pleased to see that BoS accepted the investigator's conclusions and has already removed the late payment marker from Ms S' credit file. As such, there is nothing further that needs to be said on this matter.'*

*The outstanding issues are the losses that Ms S has attributed to the January 2023 missed payment marker in combination with some earlier ones applied by BoS in relation to the same mortgage.*

*Ms S has provided evidence that there were credit checks completed by lenders in February 2023. She has told us she was declined for borrowing and I see no reason to disbelieve that was the case. However, Ms S hasn't provided any supporting evidence from any of the lenders involved to show that her credit file profile was the reason she was declined for borrowing.*

*Even if Ms S were able to provide supporting evidence from the lenders that the sole reason borrowing was declined was her credit file profile, that would still not be enough. I say this as the cause would need to be the specific records on this particular mortgage that caused her applications to fail. This seems unlikely as I am aware that in 2020 and separately in 2021 Ms S missed payments on another buy-to-let mortgage she has with BoS. While I am aware that she complained about a missed payment marker for December 2021 on that account, she appears to have accepted that it was correctly applied, given she didn't refer her complaint to this service within the six-month window she had to do so.*

*As such, overall, I am not persuaded that the missed payment marker being unfairly attached to her credit file for January 2023 was the cause of Ms S' financial difficulties and potential losses.'*

BoS acknowledged receipt of the provisional decision and confirmed it had nothing more to add.

Ms S said she was disappointed with my conclusions as she believed she had provided all necessary documents to support her complaint and the impact of BoS' actions. She

reiterated some of the events that had occurred and her view of those events. Ms S asked that we tell BoS to remove all of the late payment markers attached to her credit file for the period January to June 2023.

### **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.

I have considered everything Ms S has said. In addition, I have reviewed the file again in its entirety and I have revisited my provisional decision. Having done so, I am still of the opinion that this complaint should only be upheld in part. I remain satisfied that the January 2023 missed payment marker was unfairly reported on Ms S' credit file, but I remain unpersuaded it was the cause of her financial difficulties.

### **My final decision**

My decision is that I uphold this complaint in part. However, as Bank of Scotland plc has already completed the actions needed to remove the missed payment marker for the January 2023 payment from Ms S' credit file, I don't intend to require it to take any further action.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms S to accept or reject my decision before 9 August 2023.

Derry Baxter  
**Ombudsman**