

## **The complaint**

Mr M complains that Topaz Finance Limited (trading as Heliodor Mortgages) had reported incorrect information about his unsecured loan to credit reference agencies over several years. Although Heliodor has accepted its mistake and it has made the necessary amendments to his credit file, Mr M remains unhappy because he says this has impacted his ability to re-mortgage over the years and that's not been taken into account when answering the complaint.

## **What happened**

In or around July 2006, Mr M took out a 25-year interest only mortgage with Northern Rock plc for £108,000. At the same time as arranging the mortgage, Mr M also took out an unsecured Together loan for £26,000 to be repaid over 25 years. The Together loan was 'stapled' to the main mortgage, and the total borrowing was therefore around £134,000. The mortgage and Together loan had the same interest rate while Mr M kept his mortgage with Northern Rock.

In July 2016 this was transferred by Northern Rock (at that time called NRAM plc) to NRAM Limited. In 2019, ownership of Mr M's mortgage and Together loan changed to Topaz Finance Limited trading as Heliodor Mortgages ("Heliodor").

On 25 February 2022 M contacted Heliodor to say that he thought information about his unsecured loan has been incorrectly reported to the Credit Reference Agencies (CRA). He said although his unsecured mortgage had been arrears for some time, he had payment arrangements in place that he'd always met. But Heliodor was incorrectly reporting his account as being in unarranged arrears. Heliodor accepted it had made a mistake and it agreed to amend Mr M's credit file - which happened by 10 March 2022.

In August 2022 Mr M redeemed his mortgage with Heliodor and re-mortgaged with a different lender. Soon after he raised another complaint with Heliodor. He was unhappy with how Heliodor administered the redemption process. Mr M also referred to his previous complaint about Heliodor's credit reporting. He said that the incorrect reporting had impacted his ability to re-mortgage over the years. Although Heliodor had agreed to amend his credit file, he didn't think it had properly compensated him for the full extent of the impact – during its initial investigation.

Heliodor upheld the complaint and offered Mr M £100 to compensate him for all aspects of his complaint. Mr M remained unhappy, so he brought his complaint to the Financial Ombudsman Service. He specifically asked our service to look into the credit reporting aspect of his complaint. He says that due to the incorrect information on his credit file, he's been unable to re-mortgage (on repayment terms) which has delayed his ability to repay his mortgage by the end of its term. As a resolution he wants Heliodor to write off the outstanding balance on his unsecured loan.

An investigator looked into things and thought Heliodor had taken reasonable steps to put things right. He wasn't persuaded that he'd seen enough to suggest Mr M was unable to re-mortgage sooner, solely due to Heliodor's actions. He said he'd seen no evidence of

declined mortgage applications for this reason and Mr M's credit report showed other adverse information that could have also impacted a creditor's lending decision. So, he didn't think Heliodor needed to do more in the circumstances.

Mr M didn't agree, he provided some information from his broker to support his complaint. The email chain shows that in around March 2021 Mr M was exploring his re-mortgage options. His broker has recently confirmed that due to Mr M's credit reporting in 2021, it was considered unlikely that he would be accepted by another lender for a re-mortgage due to missed payments and arrears dating back to 2017. Mr M was advised to rebuild his credit file and score to show no arrears and a significant period where payments had been met, to have better success with an application. Mr M feels that the pure fact he was successfully able to re-mortgage after Heliodor amended his credit file is enough to suggest it was solely because of its incorrect reporting that he was prevented from obtaining a mortgage sooner.

The investigator considered the evidence, but his opinion remained the same. He said that even if Heliodor had correctly reported a payment arrangement, that in itself is considered adverse information that could impact a lending decision. He wasn't persuaded that Heliodor's incorrect reporting was the only thing preventing Mr M from getting a new mortgage sooner.

Mr M didn't accept the outcome and asked for the case to be decided 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.

The key facts about this complaint aren't in dispute. Heliodor has admitted it got things wrong. So, the only issue I have to decide is whether the things it has done to put things right, including the amount of compensation it has offered, is fair and reasonable. I've carefully considered everything Mr M has said about how he's been impacted as a result of Heliodor's actions and how he should be fairly compensated in the circumstances.

When making an award for compensation, I must decide what's fair and reasonable to both sides involved giving careful consideration to all the circumstances of this case. I also think it's important to explain that, as a service, our awards are designed to compensate consumers - not punish organisations.

We look at the impact any mistakes have had on the consumer concerned and give careful consideration to a consumer's individual circumstances, in determining whether any award for distress and inconvenience is warranted and to what extent.

During his complaint, Mr M has mentioned his inability to obtain a new mortgage with Heliodor or being offered the option of switching his mortgage to repayment terms. This isn't something that formed part of the complaint he raised with Heliodor. Because Heliodor has not yet had the opportunity to investigate these issues, it's not something I can comment on in my decision. The basis of my decision solely focuses on the complaint Heliodor addressed in its final response letter dated 4 October 2022 and the specific point Mr M has asked our service to consider in relation to information being misreported on his credit file.

I've considered all the submissions provided. I'm satisfied that in around March 2021 Mr M was trying to re-mortgage with a different lender but the adverse information on his credit file appears to have prevented him from doing so. I've not seen anything to suggest that he tried to re-mortgage sooner.

I've gone on to consider whether I can reasonably say that it was solely due to how Heliodor was reporting information to the CRA's on his unsecured loan that prevented Mr M from being able to re-mortgage in March 2021.

Mr M has provided copies of his credit reports produced in 2022 – before Heliodor made the amendments and just after.

Prior to Heliodor making the amendment, Mr M's credit file was showing that his unsecured loan was in arrears by more than 6 months' worth of payments for a large part of 2018 through to 2021. I agree that this would have a significant impact on Mr M being able to obtain a mortgage, because to a lender that would show current financial difficulty. But I can't safely say that was the only information on Mr M's credit file that prevented him from obtaining a mortgage. I'll explain why.

Mr M's broker has confirmed that in March 2021, his credit file was showing missed payments and arrears dating back to 2017 with several creditors.

Aside from how Heliodor was reporting information to the CRA's on Mr M's unsecured loan, his credit file still showed missed payments and arrears on his mortgage and a credit card from 2018 through to 2021. Most importantly his mortgage was showing as being in arrears for a large part of 2018 and most of 2019. Any form of adverse information relating to how a mortgage account is managed is enough for a mortgage lender to decline lending – as it clearly suggests the consumer has in the recent years had trouble maintaining their mortgage payments.

Mr M's argument is that he was able to re-mortgage in August 2022, after Heliodor made the adjustments to his credit file, so he says surely that was the only thing preventing him from obtaining a mortgage in March 2021. I disagree. Around 16 months had passed since Mr M had tried to re-mortgage previously. That means that in March 2021 the arrears on his mortgage (and credit card) that I've mentioned would have been more recent at that time and so would have had more impact. By August 2022, more time had passed since the period of financial difficulty, which meant some lenders would be more inclined to lend at that time. And, that extra year of adverse information from 2017 that Mr M's broker had referred to, had also dropped off by that point showing a shorter period of financial difficulty too.

To hold Heliodor responsible for Mr M's inability to re-mortgage sooner, I'd need to be able to safely say that there was no other adverse information on Mr M's credit file that could have possibly prevented him from obtaining a mortgage in 2021, but for reasons I've explained that was not the case here. As such I cannot say for certain that it was solely due to Heliodor's incorrect reporting that Mr M's credit score was impacted in March 2021.

### **Putting things right**

It's not in dispute that Heliodor made a mistake. When the issue was brought to its attention it accepted its error and applied to have the adverse information amended with the CRA's promptly and the changes were made within a reasonable timeframe of less than a month.

Heliodor offered Mr M £100 compensation to acknowledge the distress and inconvenience caused by having to raise this issue and the other administration matters in relation to the redemption of his mortgage. Although the latter didn't form part of his complaint to our service, when considering everything and the fact that all mistakes were resolved promptly when raised, I'm satisfied £100 fairly compensates Mr M. The offer amount is in line with our service's general award banding and suitably reflects and recognises the level of inconvenience caused by having to deal with these issues.

I won't be asking Heliodor to do anything more in the circumstances because for the reasons I've explained, I'm not persuaded its mistake has impacted Mr M to the extent he says.

### **My final decision**

My final decision is that I uphold this complaint and direct Topaz Finance Limited (trading as Heliodor Mortgages) to pay Mr M £100 compensation, as it appears this is yet to be paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 August 2023.

Arazu Eid  
**Ombudsman**