



<u>Decision Ref:</u>	2022-0163
<u>Sector:</u>	Banking
<u>Product / Service:</u>	Personal Loan
<u>Conduct(s) complained of:</u>	Incorrect information sent to credit reference agency Delayed or inadequate communication Dissatisfaction with customer service Maladministration
<u>Outcome:</u>	Upheld

LEGALLY BINDING DECISION OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN

The complaint is that the Provider reported that Complainant's loans to the Central Credit Register (CCR) in error, as the loan accounts had been paid in full and on time. The Complainant says that because of the Provider's actions, he was unable to secure a loan to fix his car, and as a result, he was out of work for a six-week period.

The Complainant's Case

The Complainant submits that he applied for a car loan on **17 December 2019**, as his taxi had broken down and he was unable to work. the Complainant further submits that he was refused this car loan and as a consequence he continued to be unable to work until after Christmas in **2019**. The Complainant submits that on **6 January 2020**, he applied to his credit union for a car loan but was refused this loan. The Complainant further submits that on **20 January 2020**, he applied for a lesser amount of money and was also refused this loan.

The Complainant says that when he asked his Credit Union for the reasons why it declined his loan applications, he was informed that the Central Bank of Ireland's Central Credit Register (CCR) had a record of two loans of €950 (nine hundred and fifty euro) and €675 (six hundred and fifty euro), that had been outstanding since **2017** and **2018**.

The Complainant further advises that the Credit Union could not tell him "... *due to the data protection, who or where they were from and that I had to apply to the CCR to find out myself*".

The Complainant submits he applied to the CCR immediately and the report he received included loans from **14 December 2017** and another loan from **12 January 2018** from the Provider. The Complainant contends that both of these loans were paid in full and on time.

The Complainant submits that he immediately contacted the Provider to rectify its mistakes and that on **28 January 2020**, he received a letter from the Provider accepting that it was at fault and that it sent him a cheque for €50 (fifty euro). The Complainant states that he informed the Provider that he was unhappy with the amount it had offered and he was going to take the matter further. The complaint further states that he has not cashed the cheque.

The Complainant advises that he eventually got a loan from the credit union on **24 January 2020**, after the first loan he applied for in **December 2019**. The Complainant asserts that he had not been able to work at all since **December 2019** as a direct result of the Provider's mistake because his first application for the car loan would have been accepted otherwise.

The Provider's Case

In its final response letter dated **28 January 2020**, the Provider advises that the loan agreements in question were settled in full with it on **7 August 2018** and **14 December 2017**. The Provider further advises that due to a system error, these had been incorrectly reported to the CCR as "*still being live*".

The Provider states that this information was correctly updated with the CCR, and that it upheld the complaint. The Provider further advises that it was sorry for any trouble and upset it may have caused and that it offered a cheque for €50 which would follow under separate cover.

The Provider contends that the Complainant had not provided any evidence that he was unable to work or evidence that he was declined a loan, as asserted in his complaint.

The Complaint for Adjudication

The complaint is that the Provider incorrectly reported that Complainant's two loan accounts to the CCR as still "*being live*", notwithstanding that the loan accounts were settled in full and on time, as a consequence of which, the Complainant was unable to secure a loan to fix his car, and he was out of work for a six-week period.

Decision

During the investigation of this complaint by this Office, the Provider was requested to supply its written response to the complaint and to supply all relevant documents and information. The Provider responded in writing to the complaint and supplied a number of items in evidence. The Complainant was given the opportunity to see the Provider's response and the evidence supplied by the Provider. A full exchange of documentation and evidence took place between the parties.

In arriving at my Legally Binding Decision, I have carefully considered the evidence and submissions put forward by the parties to the complaint. Having reviewed and considered the submissions made by the parties to this complaint, I am satisfied that the submissions and evidence furnished did not disclose a conflict of fact such as would require the holding of an Oral Hearing to resolve any such conflict. I am also satisfied that the submissions and evidence furnished were sufficient to enable a Legally Binding Decision to be made in this complaint without the necessity for holding an Oral Hearing.

A Preliminary Decision was issued to the parties on **13 April 2022**, outlining the preliminary determination of this office in relation to the complaint. The parties were advised on that date, that certain limited submissions could then be made within a period of 15 working days, and in the absence of such submissions from either or both of the parties, within that period, a Legally Binding Decision would be issued to the parties, on the same terms as the Preliminary Decision, in order to conclude the matter. In the absence of additional substantive submissions from the parties, within the period permitted, the final determination of this office is set out below.

I note that the Complainant entered into a loan agreement with the Provider for the amount of **€1,300** (one thousand, three hundred euro) on **14 December 2017**. The monies were drawn down on **18 December 2017** and from the data supplied by the Provider to this Office, it shows that this loan was paid in full, with the final payment made on **22 June 2018**.

I note that the Complainant again entered into another loan agreement with the Provider, for the amount of €1,300 on **12 January 2018**, with the monies drawn down on **15 January 2018**. From the data supplied by the Provider to this Office, it shows that this loan was paid in full, with the final payment made on **3 August 2018**.

The Provider states it was "*unable to locate any information prior to the complaint*" but was able to submit the loan documentation and repayment details. It states that, after reviewing the matter, it found that the two loans had been "*suppressed from our data with the CCR*" and this is the reason why the details were not passed to the CCR to update the closure dates. It adds that the last time it reported to the CCR, according to its CCR database, was in **March 2018**.

The Provider further states that its Data Sharing Department, sent a request to the CCR which confirmed this had been processed correctly.

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I am conscious of the Provider's obligations, as a regulated financial service provider, under the Central Bank of Ireland's Consumer Protection Code, to act honestly, fairly and professionally in the best interests of its customers and to act with due skill, care and diligence in the best interests of its customers.

In those circumstances, it is disappointing that although the Complainant met all of his obligations to the Provider to discharge the outstanding borrowings on the terms he had agreed to in December 2017 and January 2018 respectively, it seems that the Provider supplied incorrect information to the Central Bank of Ireland's Central Credit Register, as a result of which the Complainant suffered from an incorrect and negative credit profile, which only came to his attention in late 2019.

I note that when the Provider learned of this error in **January 2020**, it indicated to the Complainant in its **28 January 2020** final response letter, that it had taken immediate steps to resolve the matter but warned that it may take the CCR up to 28 working days to complete the amendment. In a later submission to this Office dated **9 March 2021**, the Provider stated that the Complainant's credit file was corrected on **27 January 2021**. Subsequent communications with the Provider have confirmed that in fact this was a typographical error, and the necessary corrective action had been taken on 27 January 2020.

I am satisfied that the Provider failed in its obligations under 2.1 and 2.2 of the CPC 2012, in erroneously reporting incorrect information regarding the Complainant, to the CCR. I note that the Provider has accepted that it made this mistake. The Complainant has contended that this error had caused him to be refused loan applications, and he provided his loan application numbers from the third-party provider, though there has been no evidence submitted to support the Complainant's claim, regarding a loss of earnings.

Whatever the financial impact on the Complainant from his inability to purchase a new car, in order to facilitate him in his work commitments, I am satisfied to accept that the Complainant encountered a delay in securing credit facilities, as a result of the incorrect negative indicators which had been registered by the Provider with the Central Credit Register (CCR), and which were not corrected until January 2020.

Credit profile information is critical to a consumer's ability to gain access to credit when required and the impact of incorrect negative information being filed by a provider with the CCR or indeed with any other credit reference agency, can be very significant and should not be underestimated.

In my opinion, the Provider's acknowledgement of its error was a welcome development but the compensatory offer of €50 to the Complainant, in no manner represents an adequate compensatory amount for the inconvenience which I accept the Complainant was caused, by the incorrect credit profile for which the Provider was responsible. In those circumstances, I am satisfied to uphold this complaint. In my opinion, not only did the Provider fail to meet its regulatory obligations to the Complainant, I also take the view that its registration of incorrect information with the CCR was unfair to the Complainant and unreasonable to him, within the meaning of **Section 60(2)(b)** of the **Financial Services and Pensions Ombudsman Act 2017**, as amended.

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Accordingly, I consider it appropriate to direct the Provider to make a compensatory payment to the Complainant in the sum confirmed below

Conclusion

- My Decision pursuant to **Section 60(1)** of the **Financial Services and Pensions Ombudsman Act 2017**, is that this complaint is upheld on the grounds prescribed in **Section 60(2)(a)** and **(b)**.
- Pursuant to **Section 60(4)(d)** and **Section 60(6)** of the **Financial Services and Pensions Ombudsman Act 2017**, I direct the Respondent Provider to make a compensatory payment to the Complainant in the sum of **€2,000**, to an account of the Complainant's choosing, within a period of 35 days of the nomination of account details by the Complainant to the Provider. I also direct that interest is to be paid by the Provider on the said compensatory payment, at the rate referred to in **Section 22** of the **Courts Act 1981**, if the amount is not paid to the said account, within that period.
- The Provider is also required to comply with **Section 60(8)(b)** of the **Financial Services and Pensions Ombudsman Act 2017**.

The above Decision is legally binding on the parties, subject only to an appeal to the High Court not later than 35 days after the date of notification of this Decision.



MARYROSE MCGOVERN
Financial Services and Pensions Ombudsman (Acting)

10 May 2022

PUBLICATION

Complaints about the conduct of financial service providers

Pursuant to **Section 62** of the **Financial Services and Pensions Ombudsman Act 2017**, the Financial Services and Pensions Ombudsman will **publish legally binding decisions** in relation to complaints concerning financial service providers in such a manner that—

(a) ensures that—

- (i) a complainant shall not be identified by name, address or otherwise,
 - (ii) a provider shall not be identified by name or address,
- and

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(b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.

Complaints about the conduct of pension providers

Pursuant to *Section 62 of the Financial Services and Pensions Ombudsman Act 2017*, the Financial Services and Pensions Ombudsman will **publish case studies** in relation to complaints concerning pension providers in such a manner that—

(a) ensures that—

(i) a complainant shall not be identified by name, address or otherwise,

(ii) a provider shall not be identified by name or address,

and

(b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.

