



<b><u>Decision Ref:</u></b>	2022-0247
<b><u>Sector:</u></b>	Banking
<b><u>Product / Service:</u></b>	Credit Cards
<b><u>Conduct(s) complained of:</u></b>	Incorrect information sent to credit reference agency Failure to provide accurate account/balance information
<b><u>Outcome:</u></b>	Substantially upheld

#### **LEGALLY BINDING DECISION OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN**

This complaint concerns a credit card account held by the Complainant with the Provider.

#### **The Complainant's Case**

The Complainant states that the Provider revoked the credit card facility in **June 2011** due to missed payments on the account, and that he continued to make repayments until the account was cleared in **February 2020**. The Complainant submits that the credit card account was closed at that time, as the account was paid off.

The Complainant submits that the information which the Provider caused to be entered on the Central Credit Register (CCR) in relation to the account is incorrect. The Complainant asserts that the Provider incorrectly reported to the CCR that the credit card was revoked in **September 2019**, rather than in **June 2011**. The Complainant contends that as a result of this incorrect reporting, the record will remain on the CCR record until **September 2024**.

The Complainant submits that the Provider should remove this incorrect information from the CCR, as it is dated **September 2019** and not **June 2011**.

The Complainant states that the Provider informed him in a letter dated **20 August 2020** that it had missed notifying the ICB in **2011** that the credit card facility was revoked and it said that it retrospectively added the revoked card to his CCR record in **September 2019**, which he states is incorrect.

### **The Provider's Case**

The Provider stated that the credit card facility was revoked in **June 2011** "*due to [the Complainant's] conduct*". The Provider acknowledges that up until September 2019 it was incorrectly reporting the account in question to the CCR, as the account should have been showing as "revoked" due to the restrictions placed on the account from **2011**.

The Provider submits that as of **September 2019** it corrected the way it reported restricted accounts to the CCR, and as a result, the revoked status is now detailed on the Complainant's CCR report.

The Provider states that the last payment was credited to the Complainant's account on **13 February 2020** and on **24 February 2020** a courtesy refund of interest was processed on the account. The Provider submits that as soon as the account detailed a zero balance as per the last cycle date, which it submits was in **April 2020**, the account was then closed.

The Provider submits that now the account has been closed, it has been updated to show as complete, with a zero balance.

The Provider submits that the Complainant's account was revoked in **2011** and that financial institutions only began reporting to the CCR in **June 2017**. The Provider has offered (by way of full and final settlement) to amend the CCR record to show a revoked status from June 2017, rather than September 2019. The Complainant has not accepted this offer.

### **The Complaint for Adjudication**

The Complainant's complaint is that the Provider mal-administered the credit card account in question in that it incorrectly informed the CCR that the card was revoked in September 2019, and not June 2011.

The Complainant wants the Provider to change the CCR record to reflect the card being revoked in June 2011, rather than in September 2017.

### **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.

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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 **4 July 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 submissions from the parties, within the period permitted, the final determination of this office is set out below.

The Complainant opened a credit card account with the Provider in **2007**. By reason of the Complainant's failure to pay in accordance with the card terms and conditions, I note that the credit card facility was revoked in **June 2011**. There is no dispute in this complaint regarding the circumstances of the revocation. There is also no dispute in this complaint regarding the repayment history on the account: the account was revoked in **June 2011**, and the debit balance was ultimately cleared in **February 2020**.

Section 11(f) of the account terms and conditions, provides that the Provider will "*release information, including any defaults, about any account which you hold with us or any member of [the Provider] group to credit reference agencies*".

The Provider's duty in this regard is to ensure that the information it furnished to credit reference agencies was accurate and up to date. The Irish Credit Bureau (ICB) was a credit reference agency which provided a credit rating service to its members (primarily financial institutions) until it ceased operations in **September 2021**. The ICB was the relevant credit reference agency in June 2011, at the time when the Complainant's credit card facility was revoked. All ICB records were deleted by October 2021.

An ICB record for an account consisted of a series of numbers from 24 to 1 (representing the previous 24 months), together with 24 code indicators (representing the account repayment status for that month).

The following code indicators were used on an ICB report:

<b><u>Indicator</u></b>	<b><u>Meaning</u></b>
√	<i>Payments up-to-date</i>
<i>Number 1; 2; 3 etc.</i>	<i>1; 2; 3 etc payment(s) in arrears, as applicable</i>
<i>L</i>	<i>Account settled for less than full amount (written off)</i>
<i>P</i>	<i>Legal proceedings pending</i>

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The Provider states, and I accept, that the ICB did not have a facility whereby a status of “revoked” would be recorded in its reports.

The ICB held information for five years from the date the credit was concluded. “Concluded” in this context, meant the final payment was made and the loan balance was cleared.

A correct ICB record for this account would have shown continuous arrears on this account up until February 2020, when the record would have shown that the account was closed with no monies owing *as of February 2020*.

The ICB’s role as credit reference agency was superseded by the Central Credit Register (CCR) which was established by the Central Bank of Ireland under the Credit Reporting Act 2013 (as amended). Since **30 June 2017** lenders including banks, credit unions, and any other lender that provides consumer loans for €500 or more, have been required to submit personal and credit information on those loans to the Central Credit Register every month. This is a statutory obligation.

For a number of years, whilst the CCR was being established and the ICB was winding down, financial institutions such as the Provider will have furnished records to both agencies.

The Provider ceased reporting this loan to the ICB in **April 2020**.

**Section 11(1)b)** of the **Credit Reporting Act, 2013** places an obligation on lenders (such as the Provider) to report certain information to the CCR. **S.I. 486/2016 – Credit Reporting Act 2013 (Section 11) (Provision of Certain Information for Central Credit Register Regulations, 2016)**, includes credit status for an account such as the Complainant’s account (the subject of this complaint) as part of the information that a lender is obliged to furnish to the CCR.

In short, from **30 June 2017** the Provider was obliged to furnish repayment/credit status information regarding this account to the CCR. A correct report at that time should have reflected a revoked credit card account, with monies due, up until the final payment was paid in **February 2020** and the account was closed with a zero balance.

However, I note that the Provider failed to report the account to the CCR in this manner, instead reporting the money outstanding (but not that the card had been revoked). This continued until **September 2019** when the record was amended to reflect a revoked card from that date. The Provider’s explanation for this is:

*“A review of our Credit reporting Policy was completed in early 2019. This review was completed in line with the Central Credit Register reporting guidance. The guidance detailed that a revoked facility should be reported as such with the CCR. For this reason, we updated our reporting logic to incorporate this.”*

The guidance referred to is the **Guidance on the Central Credit Register For Credit Information Providers**, which had been updated by the Central Bank in **January 2019**.

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The Complainant states that *“having had a credit check completed by another financial institution in 2017 I was deemed to have a sufficient Credit status for a mortgage”*. It is unclear whether this occurred before or after 30 June 2017, when the Provider’s CCR reporting of the account began.

However, I accept that a credit check carried out at this time would not have reflected the true situation (i.e. that the Complainant’s credit card had been revoked) but this can only have been of benefit to the Complainant if he was applying for a mortgage with another institution.

The Complainant has stated that he put a deposit down for a car in **July 2020**, but was then refused finance for the balance of the car, because the Provider had, at this stage, amended the CCR record to reflect that the credit card account had been revoked (and then closed with a zero balance).

I have been furnished with no evidence of these events but in any event, I do not consider it appropriate to hold the Provider responsible for the loss of a deposit put down by the Complainant in the hope that credit would be advanced, but was not. If indeed the Complainant was refused credit on the basis of the revoked status showing for this account, he was refused on the basis of information which was accurate at that time, as the reporting had been somewhat corrected by the Provider.

I note that from **30 June 2017**, the Provider did not report the revoked status as it apparently did not realise that it was required to do so. This is disappointing. After updated Central Bank guidance was published (in **January 2019**) the Provider carried out a review, and the Provider then updated its reporting as of **September 2019**.

I note that the Complainant’s credit record was accurately reported by the Provider to credit reference agencies, except during the period **June 2017** to **September 2019** when, owing to the Provider’s failure to report the revoked status, the Complainant’s credit status would have appeared more favourable than in fact was the case.

I am satisfied that the Provider’s delay in reporting the revoked status was due to teething problems in the implementation of a new system of credit reporting and was, ultimately, remedied after updated Central Bank guidance was published and reviewed, though perhaps not as quickly as one might have expected. This correction does not however remedy the Provider’s failure during the relevant period and indeed it is disappointing that the Provider, even when it ultimately applied the correction to its reporting, failed to apply the revoked status with effect from June 2017, as it should have.

The Complainant may have benefitted from the Provider’s delay, in that he says that when he was applying for a mortgage in 2017, the lender reviewing the application did not realise that he had had a credit card account revoked.

Given that the account was finally closed with zero balance in **February 2020**, I do not accept the Complainant’s contention that the record should have been entered in 2011 (and thus would have been erased by 2016).

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The “revoked” status was an ongoing status until the account was closed, as the account was still “active”. Whether the revoked status was applied in June 2017, which was the first occasion when the Provider could have done so, or in September 2019, the record will remain visible on the CCR until five years after the last payment was made, and the account was closed.

Insofar as the Complainant’s complaint against the Provider is that it furnished incorrect information to the Central Credit Register in respect of his account, I consider it appropriate to substantially uphold this complaint. I am satisfied that when the revised guidelines became available from the Central Bank of Ireland regarding the Provider’s reporting obligations in 2019, at that point, when correcting the records, the Provider ought to have implemented the correction to ensure that the card status would show as revoked from June 2017, being the first occasion upon which the Provider was reporting in respect of the account.

In those circumstances, I consider it appropriate to substantially uphold the complaint and I intend to direct the Provider to rectify the conduct complained of, by amending the CCR record to show a revoked status from June 2017, rather than from September 2019. It is unclear to me why this further correction by the Provider, has been offered to the Complainant as if it represented a gesture of some sort, when in fact it ought to have been recognised by the Provider as the correct record of the account history, and one which ought to have been long since filed with the Central Credit Register.

As the Provider failed in its statutory obligation to record the correct entry on the CCR, I am satisfied that it is appropriate to substantially uphold this complaint on the grounds set out at **Section 60(2)(a)** of the **Financial Services and Pensions Ombudsman Act 2017**.

This failure by the Provider to report correct information to the CCR in relation to this account is disappointing, but the evidence shows that the impact of that error on the Complainant’s position has been limited, given the impact of the correct reporting. Accordingly, to mark that decision, in addition to making a direction to the Provider to rectify the conduct complained of, by amending the CCR record to show a revoked status on the account, from June 2017, rather than from September 2019, I also consider it appropriate to direct the Provider to make a compensatory payment to the Complainant, as specified below.

### **Conclusion**

- My Decision pursuant to **Section 60(1)** of the **Financial Services and Pensions Ombudsman Act 2017**, is that this complaint is substantially upheld on the grounds prescribed in **Section 60(2)(a)**.

- Pursuant to **Section 60(4)(a) and (d) and Section 60 (6)** of the **Financial Services and Pensions Ombudsman Act 2017**, I direct the Respondent Provider to rectify the conduct complained of by amending the CCR record to show a revoked status on the account, from June 2017, rather than from September 2019, and to make a compensatory payment to the Complainant in the sum of **€400**, 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)**

26 July 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

(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.

