

The complaint

Mr F complains that Volkswagen Financial Services (UK) Limited trading as Audi Financial Services incorrectly recorded adverse information on his credit file and failed to amend it when requested.

What happened

In January 2021 Mr F contacted VWFS and agreed a payment arrangement on a balance due for excess mileage. During the call he was advised that his credit file wouldn't be impacted.

In March 2021 Mr F was declined finance for a new kitchen due to the balance for excess mileage being reported on his credit file. He had to sell some shares to raise funds to pay for the kitchen. Mr F contacted VWFS and asked for his credit file to be amended and it agreed.

Mr F was later declined finance for a new car. In November 2021 he contacted VWFS to complain that his credit file hadn't been amended.

VWFS upheld the complaint. It said a balance due for excess mileage charges shouldn't impact a credit file and acknowledged that Mr F's credit file should've been amended in March 2021. It offered a goodwill payment of £450.

Mr F wasn't happy with VWFS's response and complained to this service. He says he's lost money because the shares he had to sell have subsequently increased in value.

Our investigator upheld the complaint. She said she couldn't be certain that the adverse information recorded by VWFS was the sole reason for Mr F's finance applications being declined, and that she didn't think it was fair to ask VWFS to compensate Mr F for the increase in value of the shares. The investigator was persuaded that VWFS had given particularly bad service and had taken a long time to resolve the situation. The investigator said that VWFS should increase the offer of compensation to £700.

VWFS didn't agree. It said the compensation it had offered already was fair.

Mr F didn't agree either. He said compensation of £700 wasn't enough because he'd had to pay cash for a kitchen when he should have been able to get interest free credit if his credit score hadn't been impacted by VWFS.

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've looked at Mr F's credit report and credit score, and I can see that the credit score reduced in March 2021. VWFS hasn't been able to confirm exactly when it added the adverse information, but it has said that it would've been around February 2021. I can see any other adverse information on Mr F's credit file, so I think it's likely that it was VWFS's entry which affected Mr F's credit score.

Mr F has provided evidence to show that he had two finance applications declined in March 2021 and May 2021. The lender hasn't provided Mr F with a reason for the applications being declined, other than to say that the lending criteria weren't met.

In order to be satisfied that the adverse information reported by VWFS was the sole reason for Mr F's finance applications being declined, I'd need to see conclusive evidence of this from the lender. In this case, there isn't enough evidence to show that VWFS was the sole cause of the application being declined. Because there are lots of reasons why finance can be declined, I'm unable to safely conclude that the reason for the decline was the adverse information reported by VWFS.

Mr F has explained that, having been declined for finance, he had to sell some shares to pay for his new kitchen. I've seen evidence that Mr F sold some shares.

Mr F has said that the shares increased in value after he sold them, and that if he hadn't had to sell them to pay for the kitchen, they would be worth £20,000 more now. I've looked at the share price history and whilst I agree with Mr F that it increased over the following months, it has also decreased since then. There's no evidence to suggest that Mr F would have sold the shares at any given point in time so any loss he has suffered is at best a potential loss. In the circumstances, and even if I was persuaded that the information reported by VWFS was the sole cause of Mr F's applications for finance being declined, I don't think it would be fair to ask VWFS to compensate Mr F for a potential loss.

Taking everything into account, I think VWFS has made errors and provided poor service. The payment arrangement for the excess mileage charges shouldn't have been reported on Mr F's credit file in the first place, so this was an error. VWFS has acknowledged that it should've removed the information when Mr F first raised the issue in March 2021, but for reasons which haven't been fully explained by VWFS, the credit file wasn't amended. The information remained on Mr F's credit file for several months. Mr F had to contact VWFS again about the same issue in November 2021. I think VWFS provided poor service when it failed to remove the adverse information in March 2021, and poor service in failing to amend the credit file for a period of several months. I'm persuaded that Mr F has been caused a significant degree of distress and inconvenience as a result of VWFS's error and poor service and I agree with the investigator that the compensation should be increased to £700.

Putting things right

To put things right, VWFS should pay total compensation of £700 to Mr F for the distress and inconvenience caused to him by its error and its service shortcomings.

My final decision

My final decision is that I uphold the complaint. Volkswagen Financial Services (UK) Limited trading as Audi Financial Services must pay total compensation of £700 to Mr F.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 1 June 2022.

Emma Davy
Ombudsman