

## The complaint

Miss T is unhappy that Bank of Scotland plc (BOS) have been incorrectly reporting adverse information to her credit file.

## What happened

Miss T had a current account with BOS with an agreed overdraft facility. In April 2020, the balance of Miss T's account was such that she had used all of her agreed overdraft facility and was using an unauthorised overdraft amount, meaning that the current account was considered as being in a position of arrears and was being reported by BOS to the credit reference agencies as such.

Miss T entered into a twelve-month repayment plan with BOS to repay the unauthorised overdraft arrears on the current account, but then cleared the arrears and returned the account to being within the agreed overdraft limit the following month, in May 2020.

In July 2020, Miss T noticed that BOS were still reporting the status of her current account as being in a position of unauthorised arrears. Miss T contacted BOS about this and was told that the incorrect adverse credit file reporting would be amended. However, the adverse reporting was still present on Miss T's credit file in September 2020. Miss T contacted BOS about this again, who apologised and promised to amend it, and also made a payment of £100 to Miss T to compensate her for any inconvenience incurred.

In December 2020, the adverse reporting was still present on Miss T's credit file. BOS explained to Miss T at that time that this was because the original payment arrangement to clear the unauthorised arrears was scheduled to last until March 2021 and that an issue with their systems meant that the reporting would remain on her credit account until that time. BOS apologised for this and made a payment of £500 to further compensate Miss T for the trouble and upset the matter was causing.

Miss T wasn't happy that BOS weren't able to rectify the reporting on her credit file, especially as it was affecting her ability to get a favourable re-mortgage rate, so she raised a complaint. BOS looked at Miss T's complaint and acknowledged that they hadn't been able to accurately report the status of Miss T's account, and they upheld Miss T's complaint and offered her a further £100 compensation.

Miss T wasn't satisfied with BOS's response and wanted her credit file to be reported accurately. So, she referred her complaint to this service. One of our investigators looked at this complaint. They agreed that BOS hadn't reported the status of Miss T's credit file accurately and they liaised with BOS who confirmed that the appropriate credit file amendments had at that point been made. Our investigator therefore upheld Miss T's complaint but felt that the additional £100 compensation offer than BOS had made did represent a fair and reasonable resolution to what had taken place.

Miss T remained dissatisfied, especially as when she checked her credit file the following month, the incorrect adverse reporting had been reapplied by BOS. So, the matter was

escalated to an ombudsman for a final decision.

### **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 issued a provisional decision on this complaint on 9 March 2022 as follows:

*BOS don't dispute that they've been unable to accurately report the status of Miss T's current account to the credit reference agencies, and they've been in ongoing discussion with this service about this matter since the end of 2020.*

*When I was first asked to look at this complaint, in August 2021, BOS were trying to find a lasting solution to the issue of the incorrect credit file reporting being reapplied automatically by their systems. Unfortunately, BOS haven't been able to find such a solution, and so rather than allow Miss T's credit file to remain in a state of perpetual adverse incorrectness – which has had, and would continue to have, a detrimental effect on Miss T's credit score – it's been agreed that the best way forwards at this point is for BOS to delete all reporting associated with this current account.*

*This solution isn't ideal, for while it does mean that Miss T's credit file won't show the incorrect adverse reporting that has been the ongoing problem, it also means that Miss T won't be able to benefit from the reporting that should be placed on her credit file in relation to this account moving forwards.*

*I also feel that Miss T has incurred significant detriment here in regard to the ongoing nature of this problem and the unreasonable amount of time and effort that she has had to expend trying to get it resolved. And it's notable that Miss T's frustrations with BOS at not being able to resolve this situation recently resulted in her making the decision to move her banking to a different provider, at further inconvenience to herself.*

*To date, BOS have made payments of compensation to Miss T totalling £600 and offered to pay a further £100 compensation in their response to Miss T's complaint. But given the unreasonably long running nature of this issue and the considerable impact I'm satisfied that it has had on Miss T, I do feel that a much larger amount of compensation is warranted in this instance. As such, my provisional decision here is that I will be upholding this complaint in Miss T's favour and instructing BOS to pay Miss T a further £1,000, which I feel more fairly compensates Miss T for the ongoing detriment that she's incurred here.*

*I acknowledge that £1,000 is a significant amount of further compensation to instruct BOS to pay. But in arriving at this amount I've considered the amount of time and effort that Miss T has had to expend here over the approximately 20 months that this matter has been ongoing, as well as the corresponding frustration and inconvenience that this has entailed for Miss T and which has been evident in her regular correspondence with this service in where she has highlighted the angst and distress this matter has caused her on numerous occasions.*

*Miss T has expressed particular concern over the fact that the incorrect adverse reporting was in place when she was having to re-mortgage her property, and she feels that the presence of this incorrect adverse reporting on her credit file at the time was a contributing factor to her not being able to obtain as favourable a re-mortgage*

*rate as she would have liked. Miss T has also expressed similar sentiments about the incorrect adverse reporting affecting her ability to reasonably apply for new credit.*

*I can appreciate Miss T's position here, and while I don't feel that it can be said with absolute certainty that the adverse reporting was the sole reason why Miss T didn't obtain a lower re-mortgage rate than she did – given that mortgage rates can depend on many factors – I can understand how the continuing presence of the incorrect reporting at that time would have been particularly stressful and unsettling for Miss T.*

*Finally, I've also considered the fact that Miss T's credit file has been incorrectly adversely reported for a prolonged period of time and that the deletion of all credit file reporting relating to this account means that Miss T will no longer be able to benefit from having accurate reporting on her credit file in relation to this account.*

*In regard to that last point, I realise that BOS are making an exception to their normal processes here by deleting the account, which I appreciate them agreeing to. But I hope BOS will themselves appreciate that I've only suggested this step because it looks like all other avenues for achieving a fair outcome here have been exhausted. And it remains the case that this still doesn't put Miss T in exactly the position she should be in in terms of what is being reported on her credit file.*

*All of which means that I do feel that further compensation of £1,000 is merited in this instance.*

In response to my provisional decision letter, both Miss T and BOS confirmed that they were happy to accept my provisional decision and the payment of a further £1,000 compensation to Miss T.

As such, I see no reason not to issue a final decision upholding this complaint on the basis as outlined in my provisional decision, and I can confirm that my final decision is that I do uphold this complaint on that basis accordingly.

### **Putting things right**

Bank of Scotland must make a further payment of £1,000 to Miss T.

### **My final decision**

My final decision is that I uphold this complaint against Bank of Scotland plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 May 2022.

Paul Cooper  
**Ombudsman**