

The complaint

Ms M complains that EQUIFAX LIMITED (Equifax) failed to amend incorrect information on her credit file within a reasonable timeframe.

What happened

Ms M signed up to a free trial with Equifax to check her credit score in April 2022. She found two things that were showing incorrectly on her credit file. This included the time on the electoral register showing as two years instead of three, and time since the last negative repayment status showing as four months, when no payments had ever been missed.

Equifax amended the electoral registration duration promptly. But as it didn't update the time since negative payment history showing incorrectly on Ms M's file, she raised a complaint. She said the incorrect information was impacting her credit score with Equifax and the poor service provided had caused her inconvenience.

In its final response, Equifax said it had identified the cause of the issue and corrected the underlying data. It agreed that service failings had occurred throughout its handling of the issue, which resulted in Ms M having to contact it on multiple occasions to resolve the matter. However, Equifax said it wasn't responsible for the data showing on Ms M's credit file and after raising a dispute with the credit provider about a specific entry, it wasn't given the permission it needed to amend the information recorded. Equifax gave Ms M general advice regarding common factors contributing towards the overall credit score and offered £60 compensation for the distress and inconvenience caused.

Ms M didn't accept Equifax's response and referred her complaint to this service. She said she needed to apply for a loan to help pay for her child's school fees but wasn't confident in doing so with the wrong information showing on her credit file. She'd also been declined for a credit card. The matter wasn't resolved in time to arrange borrowing for the school fees and Ms M has had to spend a lot of time and effort to resolve things, which caused her worry and pain by typing with arthritis.

Our Investigator reviewed matters and thought the complaint should be upheld. They said it's not possible to say whether the lending Ms M wanted to apply for would've been given had the error not occurred, but agreed Equifax were responsible for service failings that caused distress and inconvenience to Ms M. Our Investigator thought a compensation award of £250 would fairly reflect the level of impact caused.

Equifax accepted our Investigators recommendation, but Ms M didn't. She said there were still issues with the information on her credit file, that transpired after Equifax responded to this complaint and remain unresolved.

As no agreement has been reached, the matter has been passed to me to decide.

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.

In considering what is fair and reasonable, I've taken into account the relevant industry rules and guidance, and what would be considered as good industry practice.

I think it would be helpful to start by setting out what I will be deciding here. Since Ms M referred her complaint to this service, there have been further changes to her credit file that Ms M disputes. As these are separate to the subject matter of this complaint and took place after this complaint was referred to this service, they will be considered separately under a new case reference. In this decision, I will be addressing the events that took place prior to Equifax's final response letter dated 19 October 2022.

The information held by CRAs is provided to them from sources such as financial businesses, local authorities and utility companies, who are the owners of the data. Equifax is only able to display the information it is provided with by the data owners, so isn't responsible if there are any inaccuracies in the data given to them.

However, CRAs are expected to take reasonable measures to ensure the information that is reported by lenders via their credit files is accurate. So, I can consider if Equifax acted fairly when notified of possible inaccuracies on Ms M's credit file.

Equifax promptly corrected the electoral registration duration following Ms M's first contact, which isn't disputed by Ms M. As this was resolved prior to referral to this service, I don't need to decide this aspect of Ms M's complaint. I acknowledge that Ms M's electoral registration information has since changed and this forms part of Ms M's ongoing dispute with Equifax. But as I mentioned previously, this will be considered by this service under a separate complaint reference. So, I'll move on to consider the issue regarding the negative repayment status displayed on Ms M's credit file.

Following further investigation, Equifax identified the cause to be a display issue. This followed a communications supplier, which I'll refer to as Company A, sending it an update on a credit agreement that was previously settled. To resolve the issue, Equifax amended the date on this specific agreement to ensure the information displayed on Ms M's credit file was correct.

Ms M disputed the late payment information reported by Company A. In this situation, I'd expect Equifax to raise a dispute with the data owner. Equifax can only amend information it holds if the data owner confirms the information is wrong. If the data owner says the information is accurate and does not give permission for it to be amended, Equifax cannot change it.

In Ms M's case, Equifax has shown that it did raise a dispute with Company A, who didn't agree the data should be changed. Because of this, I can't say that Equifax acted unfairly by continuing to display the information provided by Company A.

However, Equifax has taken responsibility for the technical error that resulted in inaccurate information about Ms M's negative repayment status being displayed. It also accepted that it caused avoidable delay in resolving this due to service failings, so I don't need to decide that aspect – I just need to consider what Equifax should do to put things right for Ms M.

As this service is not the regulator, I cannot fine or punish Equifax for the mistake it made. But I can consider the impact the error caused Ms M and this is what I've thought about.

I haven't seen any evidence to support the error has resulted in financial loss. Multiple considerations are made by lenders following an application for credit, and there could've

been other reasons for Ms M's credit card application being declined. To be able to conclude that Equifax were responsible for Ms M's inability to obtain credit, I'd need to see confirmation that the lending decision made was solely based on the incorrect information showing on her credit file, and lending would've been agreed had that incorrect information not been there. I don't have this evidence here.

While the issue did have an impact on Ms M's credit score with Equifax for a period of time, the score itself wouldn't have had any bearing on any lending decisions made. This is because Ms M's credit score is only visible to her. It's a general indication which helps customers get a simple view of how their credit file might be perceived in a number format. This number is based on an algorithm using the data on the credit file and each CRA has its own algorithm based on the criteria it thinks is important. But individual lenders cannot see this number, they can only see the data showing on the credit file. Lenders use this data, along with any information provided by the applicant, to assess a credit application and calculate a credit score based on its own mathematical model.

So, in Ms M's case, potential lenders would've had sight of her full payment history, which provided a full and accurate picture of the repayment status on each of Ms M's accounts.

I'm also unable to reasonably hold Equifax responsible for Ms M not being able to obtain a loan when needed. Ms M didn't apply, so there is no way of knowing what the outcome of that application would've been, or what the bank would've based any lending decision on. I can understand Ms M's reluctance to apply, especially after a credit card application had been declined, as multiple applications for credit can also impact her credit score.

However, it's clear Ms M was under the impression that the cause of the issue was a result of the "U-Unclassified" entries throughout 2021, reported by the provider of her catalogue shopping account, which I'll refer to as Company B. Ms M was informed by Equifax in August 2022 that the "U – Unclassified" entries would not negatively impact Ms M's score or a lending decision. This is because "U" is a neutral status and generally refers to an account that has either been recently opened or has no payment due. Ms M has provided this service with her own record of her communication with Equifax, which includes this message. She also told this service that she was advised the same by Company B. So, I'm satisfied she was aware of this, which would've alleviated any doubt or concern Ms M may have had about this impacting any further lending applications.

However, I do agree that Equifax failed to provide Ms M with a satisfactory level of service when informed of the false reference to negative payment history. Equifax initially referred Ms M to Company B to resolve the issue instead of investigating the matter at the time. Because this didn't happen, Ms M had to contact Equifax multiple times, during which she was given confusing and contradicting advice about the cause of the problem.

I don't doubt the concern Ms M reported feeling when she found out information on her credit file was incorrect. And I think Ms M was caused avoidable frustration by having to chase Equifax on multiple occasions to resolve the matter.

So, I do agree a compensation award should be paid to Ms M in recognition of this. And having considered the impact caused solely by the errors made by Equifax, I'm satisfied that £250 is in line with the level of distress Ms M has suffered and within our award ranges for situations such as this.

Putting things right

Equifax should now pay Ms M £250 compensation.

My final decision

For the reasons set out above, my final decision is that I uphold Ms M's complaint about EQUIFAX LIMITED. I now require it to put things right as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 22 March 2024.

Nicola Bastin
Ombudsman