DRN-4615558

The complaint

Mr C complains Equifax Limited recorded him under an incorrect address which led to problems with his mortgage application.

What happened

Mr C and his wife decided to move, and applied for a top up mortgage with their current provider – who I'll refer to as N. When N were doing their credit searches, they found Mr C didn't have any credit history with Equifax – the only credit reference agency N used.

Mr C got in touch with Equifax and found none of his accounts were registered with them – and he said this is because they'd recorded them under an old address of his. After raising his concerns Equifax resolved most of the accounts, but Mr C says there were still three of his accounts missing. And he raised disputes and provided evidence of their existence to Equifax – but said each time they just closed down the disputes. Because of these issues, Mr C said he had to switch mortgage providers away from N to another (as N said they needed to see all his accounts with Equifax) – and this cost him an Early Repayment Charge (ERC) of £3,077.55 plus a higher rate.

Equifax said they could see Mr C's accounts were appearing at an incorrect address due to a technical error. They said they'd now arranged for all accounts to show at the correct address. They said Mr C would need to log on to his online account to view his updated report. Equifax also said sorry for the service Mr C had received as they could see he was told on several occasions they couldn't find his account.

Equifax added they could see N had done a search on 31 July 2023 when the information was not appearing on Mr C's credit report. They raised a dispute to get this search removed as a gesture of goodwill – and they said sorry for what happened and offered £200 compensation.

Unhappy with this, Mr C asked us to look into things. One of our Investigators did so, and he fully upheld the complaint – asking Equifax to repay the ERC cost of £3,077.55 plus 8% simple interest, calculate and refund the difference in repayments and again add 8% simple interest to payments already made, and pay a total of £450 compensation.

Equifax asked a number of questions about the actions of N – in particular when they did further searches. Our Investigator explained searches were carried out 1, 2 and 10 August 2023. Equifax felt N hadn't done these searches, because they didn't show on their systems, so overall didn't agree to our Investigators recommendations. Because of that, the complaint's 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.

As a starting point Equifax have accepted they made errors which led to Mr C's credit file not being correct on their systems. So, what I need to decide is how much Equifax need to pay to put matters right.

Financial losses

Mr C has claimed financial losses in the order of his ERC for £3,077.55 and increased mortgage payments for a period of time.

Equifax don't think they should be responsible for these costs, because they took actions to resolve the issues.

I think though the point Equifax aren't factoring in, is that the whole issue wouldn't have arisen if their systems had correctly collated Mr C's data. It's unfortunate for Mr C and Equifax in a way that N only use Equifax for their credit scoring – as Mr C's details were correct with the other credit reference agencies.

Ordinarily in these kinds of cases, we have no or limited evidence about the reasons someone's lending application was turned down. But that isn't the situation in Mr C's case.

N have been very open and clear in saying they couldn't progress with Mr C's application, because of the issues with Equifax's data. In an email sent from N to Mr C's mortgage broker, they said:

When porting and topping up we have to be sure the customers are credit worthy for the additional borrowing as all we have currently is data we hold to say they've made payments on time on their current borrowing. With rates as they are the existing borrowing will be going up when their rate ends and they will be borrowing additional money at a higher rate too. All customers porting and topping up will be the subject to the same scoring process.

Unfortunately if Equifax aren't able to provide us any information on their credit we are not able to make an informed decision on the additional borrow element and whether this is something they are credit worthy of.

Unfortunately what you have been told is correct and we won't be able to proceed unless we can get this data from Equifax.

In addition, there are notes from N's systems, recorded by their underwriters, to show they tried again on 1, 2 and 10 August 2023 but each time the credit score failed. Mr C has explained N needed to see all the accounts on his credit file, but not all of them were showing.

Equifax have explained one of those accounts not showing was a new account and wouldn't have shown anyway – the other two seemingly updated at the same time as the regular monthly update. I think these would have been showing had Equifax not made errors with Mr C's credit file.

So, at face value, I do think Equifax stopped Mr C progressing past the first stage with N about his mortgage application. I think N would have understood the first account was too new – but wouldn't have understood why the other two accounts weren't showing.

Often in these situations we might still say the chances of the application definitely being accepted by N were limited. But, again, I've got more evidence than usual here.

Mr C's mortgage application was for a top-up. So, he was an existing customer of N and applications made by existing customers with a good payment record, and a clean credit history (both of which Mr C had) are usually easier to get than a brand new application with a different lender. And Mr C ended up taking out a mortgage with another lender, who I'll refer to as H, on worse terms than what he'd have taken with N.

Mr C's monthly mortgage payments would have been £1,219.56 with N – and with H they were around £1,523.70. It seems unlikely to me there would be such a significant difference in affordability calculations between two lenders who I'd expect to compete for a similar type of customer. So, it follows as Mr C was accepted by H, I think it's more likely than not he'd have been accepted by N. Both from an affordability perspective, and because it was an increase to his existing borrowing – where, as I've said, it's usually easier to get this from your existing lender rather than a new one.

Taking everything into account, I do think Equifax prevented Mr C from getting a mortgage with N, and I'll be requiring them to cover the costs Mr C has incurred because of this. I'll explain how I want them to do this in the 'Putting things right' section at the end.

Compensation

Equifax offered £200 for their errors – but I agree with our Investigator this doesn't go far enough.

Mr C was in the process of trying to buy house. That's well known for being one of the most stressful experiences in life. The last thing he needed was Equifax's mistakes to compound this stress.

While mistakes can and do happen, it's important for entities like Equifax to act decisively to sort out these issues. I can see on multiple occasions Mr C was sent off to speak to different lenders, when the issue was actually on Equifax's systems.

In the circumstances, I'm satisfied a total payment of £450 to reflect Mr C's inconvenience and distress is fair.

Putting things right

I've seen a redemption statement which shows Mr C was charged £3,077.55 when his mortgage with N was redeemed. I think this needs to be refunded.

In addition, Mr C's repayments with H are more expensive than with N so those also need to be refunded. This though is only between when Mr C took out the mortgage with H, to 24 April 2024 when Mr C's mortgage payments with N would have increased to a similar figure to that of H's now. This is because one part of Mr C's mortgage was coming to the end of its fixed rate period.

For both of these elements, where it's money Mr C has been deprived of as a result of Equifax's errors, I'll require them to add 8% interest to this figure. Equifax don't need to add 8% interest to future payments Mr C will need to make up to April 2024.

And, finally, Equifax will need to pay £450 compensation.

In summary then:

1. Refund Mr C the £3,077.55 ERC applied by N

2. Work out how much extra each month Mr C has paid towards his mortgage with H, than he would have with N, and refund each amount from the date the mortgage payment was made, to the date of settlement
3. Pay 8% simple interest* on points 1 and 2 from the date of each payment to the date of settlement
4. Refund the extra amount Mr C pays on his mortgage with H, than he would with N, for any future payments until 24 April 2024
5. Pay Mr C £450 compensation.

*HM Revenue and Customs requires Equifax to deduct tax from the interest payment referred to above. Equifax must give Mr C a certificate showing how much tax they've deducted if he asks them for one.

My final decision

For the reasons I've explained above, I uphold this complaint and require Equifax Limited to carry out the actions in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 March 2024.

Jon Pearce
Ombudsman