

The complaint

Mr T complains that Bank of Scotland plc (BoS) incorrectly reported details of a previously settled debt on his credit file.

What happened

In 2010 Mr T entered into a Debt Arrangement Scheme (DAS) after experiencing financial difficulties. The DAS was made up of an outstanding BoS joint loan account that Mr T held, as well as other debts with other creditors. This DAS finished in November 2018.

In April 2019 Mr S was contacted by a debt collection agency on behalf of BoS in reference to a satisfied debt. Mr T complained and BoS apologised, saying it had mistakenly not removed his name from the joint loan account when his DAS was completed.

A few weeks later Mr T was sent a further letter saying the joint loan account debt had been passed to another debt collection agency. He complained again to BoS, and it apologised and paid him compensation of £174, which he accepted.

In May 2019 Mr T became aware there was an entry on his credit file for a BoS loan account which was showing an outstanding balance. BoS looked into this and said it'd made an error by reporting a balance on the account. It corrected the record from Mr T's credit file and offered him £125 as compensation for any further distress and inconvenience caused.

Mr T says he'd tried to apply for a loan around this time and it was declined. He feels BoS is responsible and said he wasn't happy with its offer of compensation.

Our investigator considered the complaint and didn't uphold it. He found BoS had deleted the record of the loan entirely which wasn't the correct step to take but this had been to Mr T's benefit, including an increase in his credit score. The investigator felt the offer of £125 taking into account the impact and previous payments for mistakes was fair, so he said BoS didn't have to do anything further.

Mr T disagreed, saying the compensation offered didn't reflect the distress caused. He said BoS had given him conflicting information about his name being taken off the loan in May 2019. And he highlighted a previous case our service considered where compensation awarded was higher than £125. As agreement wasn't reached, the complaint has been passed to me 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. Having done so, I'm not upholding this complaint. I'll explain why.

It's not in dispute BoS has made mistakes in relation to Mr T's records. And in this case I've been asked to consider BoS' actions in relation to his previous loan incorrectly appearing with an outstanding balance on his credit file. In doing so, I've thought about the impact of this mistake and the steps BoS has taken to put things right.

From what I've seen, Mr T's name was removed from the loan account with BoS in May 2019 as a result of him raising a complaint. And it has now deleted the record of the loan in question from Mr T's credit file. And it's clear to me this wasn't the correct action to take.

When a DAS is completed, it's noted that the debt has been paid off and is then considered settled, however the entry remains on a credit file for six years. So the entry for this BoS account should've remained on Mr T's credit file for six years from the date he settled the DAS.

But by removing this entry from his credit file entirely, Mr T has reported his credit rating has significantly improved. So while I'm not persuaded this deletion was the right action for BoS to take, it seems it has impacted Mr T favourably – particularly as the entry should've remained on his credit file until 2024.

Mr T says he'd previously applied for a loan which was rejected, which he attributes to BoS' actions in relation to his credit file. But Mr T hasn't provided any evidence of when he applied for this loan or any details about it. So I have little to go on.

I would highlight that lenders take many factors into account, which would include Mr T's DAS. In the circumstances and taking to account what I've been given to consider, I'm not persuaded it would be fair to hold BoS accountable for any such application being declined but I appreciate why Mr T may feel this way in light of the number of mistakes made.

Mr T has referred to other cases our service has considered. I've looked at his complaint on its own merits, and the impact it has had on him. I understand that Mr T was inconvenienced by having to spend time and effort dealing with this credit report issue, and I can appreciate that it would've been frustrating. But the impact on him seems limited as the resolution has improved his credit rating, and BoS corrected the mistake soon after he raised the concern.

Taking everything into account I'm satisfied that its offer of £125 for this mistake – alongside taking steps to correct the file – is fair and reasonable. And it follows I'm not directing BoS to do anything further.

My final decision

Bank of Scotland plc has made an offer to pay £125. I conclude that this offer is fair and reasonable in all the circumstances. My decision is that Bank of Scotland plc should pay Mr T £125 if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 July 2020.

Jack Baldry
Ombudsman