

## **The complaint**

Miss S is unhappy that Clydesdale Financial Services Limited, trading as Barclays Partner Finance Limited (“BPF”), failed to write off a loan and remove reporting from her credit file after she’d informed it that the application was fraudulent.

## **What happened**

In January 2017, a loan was taken out with BPF in Miss S’s name for the purchase of a vehicle.

In February 2017, Miss S discovered the loan as a result of the fraudster using her genuine banking details to set up a direct debit. She contacted BPF and informed it that she hadn’t made application for the loan and that her identity had been stolen. Miss S was unable to pass security—as the application was fraudulent—and so she was advised to contact her bank and cancel the direct debit.

Following receiving a letter, Miss S contacted BPF again in April 2017 to question why she was being chased for the debt; she also provided a police reference number. BPF informed her that, as she hadn’t returned their fraud pack, the fraud claim had been closed. Miss S confirmed she’d sent the fraud pack to BPF twice. A further pack was sent to her to fill out.

In August 2018 Miss S called BPF again and complained. She said that she’d provided a crime reference number and that the matter was being investigated by police; so she didn’t understand why it had been passed to collections. BPF said that the loan was confirmed as fraud and was being written off.

In November 2019 Miss S called BPF again to check if the balance had been written off. BPF confirmed it had and that a correction had been sent to the credit reference agencies regarding the adverse reporting.

In December 2019, BPF sold the debt to a third-party organisation which began to chase Miss S for the debt. Miss S again contacted BPF and asked for the matter to be escalated due to the errors made.

BPF investigated Miss S’s complaint and found that it had made an error. It acknowledged that the account was confirmed as fraudulent in July 2018, but due to administration errors, a balance remained on the account and it was eventually sold on to a third-party. It apologised for the distress and inconvenience caused, corrected Miss S’s account and sent her a cheque for £300 in compensation.

Miss S was unhappy with the amount of compensation offered, so she approached our service to look into things further. She said that she’d been fighting the debt for three years and had been unable to obtain credit as a result of adverse reporting.

An Investigator looked into Miss S’s complaint and asked BPF for comment. BPF pointed out the errors made and said that the £300 offered was fair and reasonable in the circumstances of this complaint to compensate Miss S for the distress and inconvenience caused.

The Investigator also asked Miss S for comment regarding the compensation offered and requested that she send any evidence of impact, such as failed applications or her credit report. But Miss S was unable to supply any evidence of failed credit applications or a copy of her credit report to show the impact caused. She did argue that she'd received endless amounts of letters and calls regarding the debt, it was incorrectly sold on to debt collectors and that BPF had allowed credit to be taken out in her name without sufficient checks being carried out. She felt that between £5000-£8000 would be an appropriate level of compensation in the circumstances, but later dropped this to anywhere over £1000-£1500.

Our Investigator issued her assessment of the complaint. She pointed out that there were lengthy gaps between contact from Miss S and suggested that if she were having trouble obtaining credit, she likely would have made more of an effort to chase BPF for the matter to be resolved. She also pointed out that Miss S wasn't able to evidence any of the impact she'd suggested such as declined applications or her credit report. But she did acknowledge that Miss S had suffered distress and inconvenience as a result of the errors made and felt that the £300 paid was fair and reasonable in the circumstances.

Miss S was unhappy with this assessment as she still felt the compensation was too low. So, the matter has been passed to me to make 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.

Both Miss S and BPF agree that errors have been made and that BPF are responsible for those errors. BPF has also now taken steps to put these errors right and has written off the debt and removed reporting from Miss S's credit file. As such, I don't need to reach a finding on these points. But Miss B feels that the level of compensation offered doesn't truly reflect the impact these errors had on her. So, I need to make a finding on whether I feel the compensation offered is fair and reasonable when taking into consideration how this has impacted Miss B.

Firstly, I'd like to acknowledge that Miss B has been a victim of identity theft here. And whilst I empathise with her situation, and can't imagine the upset this has caused her, I feel that I must point out that it's the fraudster's actions that has resulted in the application being made and the crime being committed against BPF using Miss B's information. So I must think about this when considering an appropriate level of compensation. I don't say this to downplay the administration errors caused by BPF, but to acknowledge that it would be unfair to impart all blame regarding the overall distress and inconvenience caused onto BPF.

This matter did go on for almost three years. And BPF has admitted to accepting the claim of fraud in July 2018. This meant that an outstanding balance and incorrect reporting to Miss S's credit file continued for some time after these should have been removed. Miss S has been asked by our service to supply any evidence to support her testimony that this impacted credit applications in the period in which the debt should have been written off and the information removed from her credit file; this might include emails or letters declining the application(s) or evidence of searches on her credit report by credit providers. But Miss S has been unable to evidence any of this. Given that, it would be unfair on BPF to reflect this in the compensation award when there is nothing to support its justification.

It is clear when reading the contact notes BPF have provided that Miss S was progressively becoming more frustrated each time she called to chase BPF in putting things right. And these telephone calls no doubt inconvenienced Miss S in having to chase this over such an extended period. But these periods of communication did contain large gaps; one being over

one year. I think this goes further in evidencing the impact on Miss S, as if she was having trouble obtaining credit due to the outstanding balance and adverse reporting, I think her contact would have likely been more frequent. Miss S has stated in response to the Investigator's assessment that she feels this point is making her look like she's done something wrong, but that isn't the case. It's important to mention this point to evidence the level of impact this had on her, and in turn, the appropriate level of compensation.

I've also considered the fact that the debt was incorrectly sold on to a third-party and Miss S then started to receive correspondence chasing her for the debt. I think this likely caused her further distress and inconvenience, but I'm pleased to see that once this was brought to the attention of BPF it rectified this and took the appropriate steps to compensate Miss B; albeit far later than it should have.

I think that this repeated error and chasing over a lengthy period—including the debt being sold incorrectly—has been appropriately taken into consideration in the compensation award. £300 is in the higher area of our moderate compensation band, and I feel this is fair due to some of the features I've mentioned above. As a result, whilst I know that this may disappoint Miss S and that she feels it isn't enough, I won't be asking BPF to pay her more. But I hope my explanation as to why this is goes some way to alleviating her concerns.

### **My final decision**

For the reasons I've given above, I find that the £300 paid by Clydesdale Financial Services Limited, trading as Barclays Financial Service Limited, is fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 February 2021.

Stephen Westlake  
**Ombudsman**