

The complaint

Mr B is unhappy with his Equifax Limited (Equifax) credit score. He thinks it's too low and not in line with other credit reference agencies.

What happened

Mr B checked his credit score with Equifax in April 2021, it was 141. He didn't believe this to be accurate, he complained to Equifax, asking it to explain how his credit score was calculated. He wasn't satisfied with the explanation it gave. As the facts of this complaint are well known to all parties, I've summarised the main points below:

- There were incorrect entries on his credit report relating to two different businesses – B1 a mobile phone provider and B2 a utilities company.
- B1 was showing an outstanding balance on a loan account, which Mr B says was settled in March 2021.
- B2 was showing that there had been missed payments on this account, Mr B says the account was paid in full, in a shorter time than was originally agreed.
- Mr B's credit score increased to 254 following his complaint, which Mr B says shows his previous score had been calculated incorrectly.
- Mr B says his score is higher with other credit reference agencies and so feels Equifax's score should be of a similar level.
- Equifax raised a dispute with B1 on behalf of Mr B. B1 confirmed the loan was settled on 29 March 2021 and had a zero balance. When Equifax relayed this information to Mr B it mistakenly told him the details of the loan would remain on file for six years from the date of the default. When in fact B1 had never recorded a default against this account.

Mr B remained unhappy with Equifax's response and so brought his complaint to this service. Our investigator looked into Mr B's complaint and upheld it in part, in summary he said:

He was satisfied that Equifax had explained, it takes into account several factors when it generates a credit score, to Mr B and it didn't have to tell him exactly how it calculated its scores. Each credit reference agency has its own algorithms for generating credit scores so there is no guarantee that they will reflect in the same way, but that didn't mean Equifax had done something wrong when calculating his score.

Mr B's credit score had increased due to the usage of his credit card decreasing between the two scores being recorded, and he felt that was a suitable explanation for the change.

Equifax raised a dispute with B1 as it should have, and the account was now reflected accurately. He understood why Equifax's mistake saying there was a default would have

upset Mr B. However, Equifax had since confirmed, again, that no default was recorded and this was human error by its agent when typing the response to Mr B.

Equifax should have raised the dispute to B2 on behalf of Mr B when he queried the entry, but it didn't and so it should pay Mr B £100 to compensate him for the trouble and upset it had caused him.

Equifax accepted the investigator's findings. Mr B did not accept the findings and so 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.

Having done so, I've come to the same conclusion as our investigator and for much the same reasons, I'll explain.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so but this doesn't mean that I've not considered everything that both parties have given to me. And I mean it as no disrespect to either party.

I'd like to reassure Mr B that the credit score he sees on his personal Equifax file is an illustration of how Equifax thinks potential lenders might look at his credit history. It's not a guarantee of what any given company will think. It's just a general indication which helps customers get a simple view of how their credit file might be perceived.

Credit reference agencies differ from one to another and each will have its own way of calculating a score based on criteria that it thinks is important. Just because Mr B's credit score is reflecting higher on another agency's site, it doesn't mean that the score Equifax has calculated has been done so incorrectly, just that it places different weight on the data it holds. It is not our role to tell Equifax how it should rate different factors. The algorithm it uses is entirely its choice and it does not have to disclose this as it is commercially sensitive to its business. But I consider it good practice for it to tell Mr B the types of things that could be affecting his score – which I'm satisfied it did.

Equifax also explained to Mr B's that his credit score increased, following his complaint, due to his credit card usage reducing, and I consider this to be a reasonable explanation for this and don't agree that it shows the original score was incorrect..

Turning to the data that is shown on a credit file - this information is owned and provided to Equifax by creditors such as, but not limited to, banks, utility companies and local authorities. As Equifax doesn't own the information, it doesn't have the power to edit it. But it can, and should, raise a dispute to the information owners, if the subject of the data raises a dispute about the information held. Just as Mr B did about B1 and B2.

I think its worth noting here that the information displayed on a credit file is not in real time – it is usually, but not always, updated monthly. This means the information reflected can sometimes be out of date – but that doesn't mean Equifax has done something wrong, as it's the responsibility of the business that owns the information to make sure it is updated regularly.

B1

I can see that Equifax raised a dispute with B1 and clarified that the account had been settled and no balance was outstanding – this was updated and has now been reflected on Mr B's credit file. Unfortunately, when it let Mr B know this it mistakenly said there had been a default, which it has since confirmed there never was.

I have seen nothing to suggest this affected his credit score in any way and I'm satisfied it was never reflected on his credit file. But I accept this would have worried Mr B and understand why he has been so upset with this error.

B2

Equifax should have raised a dispute with B2 about its entry on Mr B's credit file - but failed to do so – leaving Mr B to take it up with B2 himself. Mr B has since dealt with B2 directly and so Equifax can't put things right here by raising a dispute now. And so, I think the fair thing for it to do is to compensate Mr B for this error.

When deciding on the compensation for this I have taken into account the fact that B2 didn't agree with the dispute. And so, Mr B had to take his complaint about it to a different ombudsman service to resolve before it agreed to change the information. So, even if Equifax had raised the dispute on his behalf its unlikely it would have been resolved at that stage. However, its error will have caused some delay and with that in mind I think its reasonable for it to pay Mr B £100 for the inconvenience it caused.

I appreciate that this isn't the answer Mr B was hoping for and accept that it may come as a disappointment to him. But it does bring to a close what we - as a service - can do for him in trying to resolve his dispute with Equifax.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint against EQUIFAX LIMITED trading as Equifax. I now require it to:

- Pay Mr B £100 for the inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 March 2022.

Amber Mortimer
Ombudsman