

The complaint

Mr G complains Equifax Limited incorrectly reported information on his credit file, leading to him being turned down for a further advance on his mortgage.

What happened

In June 2019 Mr G and his wife took out a mortgage with a lender who I'll call R. He initially borrowed enough to buy the property, with the intention of taking out a further advance once renovations had been done. My understanding is an agreement in principle for £190,000 had been given, but the amount borrowed was less.

These renovations were paid for through Mr G's overdraft and credit card – and he says these became maxed out in around July / August 2020. At the end of August 2020, Mr G spoke to R to consolidate the borrowing on his overdraft and credit card through a further advance on his mortgage – he also says he checked his credit score with another credit reference agency, who said his score was in the “good for credit” band.

On 3 September 2020 Mr G spoke to R, who in doing their initial search found there was an issue with his details being on the electoral register, and there was nothing R could do. They suggested he speak to Equifax. So, Mr G did, and complained about what'd happened.

In their reply on 24 November 2020 Equifax said the issue was raised as a dispute on 9 September 2020, and on 18 September a Notice of Disassociation (NoD) was applied to fix the issue. Unfortunately, this failed, so a further one was applied on 22 September. Equifax said they couldn't explain why the NoD failed and said sorry for any confusion. They added it seemed the reason this originally happened was due to the similarities in Mr G and his son's details which caused their matching system to identify his son's data as his. They said they'd checked and none of Mr G's son's details were now showing – but they accepted they'd made a mistake and offered £150 compensation.

Mr G wasn't happy with this response. He said it seems Equifax used an incorrect algorithm to mix up his data with his son's. Mr G said once Equifax had sorted this out, he was able to proceed with his application – but because banks only use the last three months' worth of data it looked like he was wholly dependent on credit. Because of this, R turned down his application for the further advance. Mr G says this has caused significant issues for him.

As is our normal process, we asked Equifax for their information on this complaint. They provided this, and in doing so explained the NoD process ensures all financial information is separated from the other party and prevents a repeat of it.

One of our Investigators looked into things and didn't think he could attribute Equifax's failings with being the sole reason Mr G's further advance was turned down. But he noted how this had made Mr G feel, and the problems he'd had, and awarded £300 compensation.

Equifax accepted this, but Mr G didn't. He said when this happened he wasn't showing as fully dependent on credit, but by the time Equifax had sorted the issue he was. Mr G said the application should have been able to go ahead previously, but it's well known banks look at

the last three months to establish a reasonable insight into someone's financial situation. So, if Equifax hadn't made this error, Mr G feels he'd have been able to consolidate his borrowing. He let us know in August 2021 he'd received a formal offer to re-mortgage, to help clear some of his outstanding borrowing – and said his circumstances aren't that different to a year ago – except there is no inaccurate data on his Equifax credit file.

Mr G also explained in a later response that his and his wife's salaries had increased, and the borrowing would have only taken them up to the £190,000 that'd been previously agreed. He said the only difference was Equifax's information. Mr G provided copies of two calls from R to support his position.

So, as Mr G feels Equifax are still responsible for what happened, 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.

I've noted some other issues were raised during the course of this complaint – but Mr G has been clear in saying the only issue to be considered is about the incorrect information on his credit file. So, I'll focus on that.

I've also seen Equifax have accepted they made a mistake and awarded compensation for this. They initially awarded £150, and then agreed to the £300 our Investigator recommended. So, I don't need to decide if Equifax made a mistake as they've accepted they did, I just need to focus on whether the compensation awarded is sufficient to put matters right.

Mr G has complained about how long it took for matters to be resolved with Equifax. From the information I can see he raised his concerns on 3 September 2020 about the incorrect data, and he's sent them an email on 20 September 2020 saying it looks like the matter is resolved. Equifax have said the last NoD to resolve the issue was applied on 22 September.

So, at face value, it seems the issue with Mr G's son being attached to his credit file was corrected in around 19 days. I can understand why he'd be frustrated it's taken that long, but I'd usually expect Equifax to need to look into matters. 19 days doesn't sound like an entirely unreasonable period of time – though I'll still consider this when I'm thinking about the compensation.

I point this out because Mr G's argument is when he was initially applying for the further advance with R, he wasn't utilising all of his overdraft and credit card limits. And says banks look at the last three months to establish someone's financial situation. I don't know what R's criteria would be in this situation – but if they did look at the last three months, they'd potentially also take into account the trajectory of someone's financial situation. Does the individual's spending suggest they're reducing their commitments, or increasing them? In Mr G's case, he was increasing them to carry out the renovations.

I've listened to the first call Mr G has provided, and it aligns with what he told us when he first contacted us – which is R told him he needed to talk to Equifax because the soft credit search was turned down.

Mr G said he wasn't able to get the call from the mortgage adviser at R who formally turned down the application on 16 October 2020 – as R couldn't trace it. But, he said he was told

three times during this call his application was being turned down due to his poor credit score.

So, the second call Mr G provided is one he had with R's customer care team, which he says was just before the above call with the mortgage adviser. In this call, which I've also listened to, as Mr G has said he was told his application was turned down for a poor credit score. The person he's speaking to though, isn't the mortgage adviser, and she said he'll need to speak to mortgage adviser to discuss this in more detail.

Broadly then, the position Mr G initially came to us is the same – he says on balance, it's more likely than not his further advance application was turned down due to Equifax's errors.

Mr G has provided two credit reports from Equifax – the first in July 2020, and the second on the day his further advance was turned down on 16 October 2020. This latter report says his credit score is poor. But it doesn't set out why. The first credit report doesn't provide a score – so it's unclear if Mr G's credit score would have been considered as poor by Equifax at that point in July.

But, as our Investigator explained, there can be many factors why a lender such as R might turn down someone's lending. In effect, I'd need to be satisfied the *sole* reason for R turning down Mr G's application was due to Equifax's error. And I can't say I've been provided with any evidence that clearly says that.

Generally, lenders are reluctant to provide this kind of information – and in my experience that's usually because there are a significant number of commercially sensitive factors which feed into this kind of decision. I'm aware some lenders for example may take into account more than 100 different factors when deciding whether to grant secured lending.

Because I've not been provided with clear information by Mr G to show Equifax are solely responsible for his further advance being turned down, I won't be awarding the costs he's asked for.

I do accept Mr G has suffered distress and inconvenience as a result of Equifax recording the incorrect information. I'm satisfied based on all the information I've seen compensation is a fair way of putting that right. Our Investigator recommended £300 – and I think that's fair in all the circumstances.

My final decision

For the reasons I've explained above I partially uphold this complaint and require Equifax Limited to pay Mr G £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 8 April 2022.

Jon Pearce
Ombudsman