

The complaint

Mr E complained because Bank of Scotland plc refused to cancel a credit card debt which he said he hadn't incurred.

Mr E wanted the debt cancelled, an apology, the debt removed from his credit history, and compensation.

What happened

In 2014, Mr E let out his property to tenants, and moved abroad. He returned in 2019, and discovered from correspondence to his home address that a County Court Judgment had been filed against his name. He checked his credit file, and discovered that a number of credit accounts had been opened in his name while he'd been abroad.

One of these was a credit card with Bank of Scotland. This had been opened in January 2016 in Mr E's name, and had a balance of just over £4,000.

Mr E wrote to Bank of Scotland in January 2020, saying that it appeared that a fraudulent account had been opened in his name. He said he'd been abroad, which his passport could prove, which he thought should be enough to prove fraud.

Bank of Scotland replied on 3 February, saying that after careful consideration it believed the application had been genuine and had been made by Mr E, so he remained liable for the balance.

Mr E complained on 11 February. He said that apart from the tone of Bank of Scotland's letter, he assumed they were aware of GDPR? And he'd reported a crime, and didn't Bank of Scotland take fraud seriously?

Bank of Scotland sent its final response letter on 26 February. It said it was unable to agree that it had acted incorrectly and could see no banking error. The letter went on to explain that it carried out checks based on any internal information, and data from the credit reference agencies. Its fraud team had carried out a full investigation and couldn't accept that Mr E's account wasn't a genuine application.

Bank of Scotland also explained that it wasn't required to provide reasoning, or provide any sensitive information. This would be made available to the police, if they asked for it. But Bank of Scotland considered the balance on the account to be Mr E's and said he was fully liable for it.

Mr E complained to this service. The investigator asked both Mr E and Bank of Scotland for more information, and she then upheld Mr E's complaint. She said that Bank of Scotland should remove the account from Mr E's records; remove any adverse markers from his credit file; refund with 8% interest any payments Mr E might have made himself towards the balance; and pay £300 for distress and inconvenience.

Bank of Scotland accepted the investigator's view.

But Mr E wasn't satisfied. He said he hadn't yet had confirmation that his credit file had been corrected. And he said £300 compensation was "comical" and didn't compensate him for all the trouble he'd had. He said that while this service imposed such small fines on banks, they'd keep doing what they want. He asked for an ombudsman's 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 sides agree that, as a starting point here, Bank of Scotland should remove the account from Mr E's records and remove any adverse markers from his credit file. The only outstanding issue I have to decide is the amount of compensation, which Mr E feels isn't enough. So I've focused on whether or not £300 compensation is fair and reasonable in the circumstances here.

Looking at the evidence which Bank of Scotland had when the account was opened, and the evidence it had when Mr E first complained in 2020, I can understand why Bank of Scotland took the decisions it did. I recognise that Mr E has said he suffered considerable upset as a result of the account being opened fraudulently. But it's only fair to hold Bank of Scotland responsible for actions which it took – not for the upset which was ultimately caused by any fraudster.

Here, I don't think Bank of Scotland's actions were unfair. It had no reason to suspect the account had been opened fraudulently. It replied to Mr E's complaint promptly. And on the limited information provided by Mr E, I consider its decision wasn't unreasonable.

Finally, Mr E has talked about this service fining Bank of Scotland. This service doesn't fine or punish banks – that's the role of the regulator, the Financial Conduct Authority (FCA). Our role is to consider individual complaints to decide what's fair and reasonable in all the circumstances of the case.

So I don't agree that Bank of Scotland should pay Mr E more compensation than the £300 it has already agreed to pay.

Our investigator had said that if Mr E had made any payments to the outstanding balance, these should be refunded to him with 8% interest on the amount I due. I don't disagree with this in principle, so I asked Bank of Scotland whether Mr E had made any payments, so this final decision could be specific. But Bank of Scotland confirmed that the only payment had been in February 2016. This couldn't have been paid by Mr E, because in his complaint form to us, he asked for information about the account which had credited the account. If it had been his own account and he'd paid it himself, he'd have known. So there are no payments to be refunded with 8% interest.

Mr E also told us that his credit file hasn't yet been corrected. I asked Bank of Scotland about this, too. It said that missed payments would still show on the credit file until after this final decision. I consider that's reasonable, and it's included in my final decision below.

My final decision

My final decision is that, in line with Bank of Scotland's acceptance of the investigator's view, I uphold this complaint and I order Bank of Scotland plc to:

- close the account with a nil balance;
- remove any adverse credit markers relating to this account from Mr E's credit file;
- pay Mr E £300 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 24 June 2022.

Belinda Knight
Ombudsman