

The complaint

Miss H has complained that National Westminster Bank Plc (“Nat West”) have refused to remove the default records relating to debts they’ve sold to another company from her credit file – which she thinks makes her credit file inaccurate.

What happened

In mid-2019, Miss H defaulted on a loan she’d received from Nat West. And she was defaulted on the overdraft she had with them on her current account. Entries in relation to both were made on Miss H’s credit file.

In April 2021, Nat West sold Miss H’s debts to another business I’ll call D. Nat West updated Miss H’s credit file to show her debts with them were settled. D made their own entries on the report recording the default on both the loan and the overdraft.

Miss H had hoped to buy a property in 2022. She took advice and was told that her credit history meant she was unlikely to be approved for a mortgage, because she had four defaults on her file.

Miss H looked at her credit file and noted that both Nat West and D had recorded details of the loan and overdraft defaults. So she made a complaint to Nat West and asked them to remove the information about they’d entered, as they’d sold the debt to D. She also complained about the time it had taken them to deal with her concerns.

Nat West investigated and concluded they didn’t need to amend Miss H’s credit file. They said it was right that both they and D recorded the defaults. But that, when they’d sold the debts to D, they’d update the credit file to show the debt to them was satisfied. It was D’s responsibility to update the record after that.

But Nat West did say that, although they’d responded to the complaint within the time limits set out in the FCA Handbook, they’d not met their own complaints handling service levels. They offered Miss H £50 for this.

Miss H wasn’t satisfied with Nat West’s response and brought her complaint to us. Our investigator considered it and concluded Nat West didn’t need to do anything more to resolve the complaint as he said they’d recorded the defaults as he’d expect on Miss H’s credit file.

Miss H didn’t agree with our investigator’s view. So I’ve been asked to make a 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 that, I’m not upholding Miss H’s complaint. I’ll explain why.

I understand why Miss H is concerned. She'd made plans which she can't pursue due to entries on her credit file. But I can only say that Nat West should make changes to the file if I'm satisfied the information it contains is wrong. And I don't think that's the case.

I've studied the credit report Miss H has sent us. She's unhappy because she says it contains four defaults in relation to the overdraft and loan.

I've looked at the entries Miss H disputes. The entries made by D are recorded as defaults. But – as our investigator said – the entries made by Nat West are marked “settled”, rather than “default”. And the report shows the debts were marked as satisfied in April 2021 – when the debts were sold to D.

Businesses have a duty to make sure the entries they make on someone's credit file are accurate so other businesses can rely on them when making their own lending decisions.

Having looked at the entries here, they show Miss H did owe Nat West money, but those debts are settled. I'm satisfied that's an accurate record of Miss H's financial situation, because the defaulted accounts are now owned by D. So I don't think Nat West needs to take any action to amend the records for which they were responsible.

In respect of Miss H's complaint that Nat West took too long to respond to her, I agree with our investigator that we can't say Nat West did anything wrong here, because they responded to her within the timeframe set out in our rules. I'd expect them to honour their offer of £50 compensation should Miss H now want to accept it. But I don't think they need to do any more to resolve her complaint.

My final decision

For the reasons I've explained, I'm not upholding Miss H's complaint about National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 8 July 2022.

Helen Stacey
Ombudsman