

The complaint

Mrs A is unhappy that Experian Limited merged a close family member's details into her own credit file. Mrs A says this has caused her a financial loss.

What happened

Mrs A has told us she was looking to apply for a mortgage of £15,000 in order to move home. The available submissions show mortgage related soft searches were carried out on Mrs A's credit file around September/ October 2021.

In November 2021 Mrs A was declined a mortgage application with a high-street bank, and it was following this she learned a family member's default was appearing on her credit file. Mrs A put any mortgage applications on hold to resolve the matter and she complained to Experian. On 26 November 2021 Experian let Mrs A know they'd reviewed her complaint and set out their final response on the matter.

Experian acknowledged and apologised that it appeared – due to similar initials and details – Mrs A's family member's information had wrongly appeared on Mrs A's credit file. Experian confirmed they had therefore corrected the data and they offered Mrs A £50 for the distress and inconvenience the matter had caused. Experian also said that to consider a higher level of compensation Mrs A would need to provide evidence showing the mortgage had been declined solely because of the family member's information showing on Mrs A's credit file.

Mrs A didn't accept what Experian had said and she brought her complaint to our service.

After Mrs A's complaint came to our service, Experian increased their offer to £150 total.

Our investigator considered Mrs A's complaint and explained to Mrs A why they didn't think it would be fair to say Experian should pay Mrs A the £15,000 she was looking for as compensation. The investigator explained to Mrs A there were too many variables to consider which meant it was not possible to know for certain if Mrs A would have been approved for a mortgage, but for Experian's error. So they said the £150 offered by Experian was fair.

Mrs A disagreed with the investigator. Mrs A said the £15,000 she was seeking was reasonable, and the only reason she'd been declined a mortgage was due to the default wrongly showing on her credit file which was due to Experian's negligence. Mrs A further explained the error had caused her to delay buying a property and this meant property prices had gone up and she now needed to borrow more (£25,000) to purchase something.

As our investigator was unable to resolve things, the complaint has come 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.

Mrs A and Experian should note that while I've only set out a summary of events and submissions above, I have reviewed everything that has been provided by both parties. And Mrs A should note I am not obliged to respond to each and every point raised, so in my reasoning below I have referred to the matters I feel are relevant to the heart of this complaint.

After reviewing everything, I agree with our investigator for broadly the same reasons.

After looking at everything that has happened I can see how upsetting and frustrating this matter has been for Mrs A. My decision is not to take away from anything Mrs A has said, but I must consider what is fair and reasonable to resolve this complaint.

Experian has accepted Mrs A's family member's details should not have appeared on Mrs A's credit file. So there is nothing further for me to consider here as Experian accepts that something went wrong. What's left for me to decide is what is a fair and reasonable resolution to put things right.

I have noted Mrs A's strength of feeling that she was refused her mortgage application because of the default being incorrectly reported on her credit file, and this meant she lost out on buying properties. However, I've not seen enough to agree this was the case. There's no doubt a default on a credit file would raise a flag with a lender considering a mortgage, but I can see from the email exchanges and information submitted by Mrs A (involving her broker) that the high-street lender had identified the default, but also said they would be happy to look at things again if Mrs A would obtain a further report. It appears the high-street lender emailed the broker to say this on 15 November 2021.

Mrs A obtained the additional report which confirmed it was only Experian wrongly reporting the information. But she has not mentioned whether she or her broker later contacted the high-street lender again to let them know the default did not belong to Mrs A. Experian's letter from 26 November 2021 would have supported this. So I think it's possible Mrs A could have gone back to the high-street lender within a reasonable time to see if they'd review her application.

That said, there is still no guarantee that the high-street lender would have agreed the lending for Mrs A, or that Mrs A's purchase of a property would have been successful.

I say this because I'm mindful that applying for a mortgage and the mortgage process itself is complex and can involve several different parties and considerations - successful completion of a mortgage is dependent on a number of variables.

For example, while someone may be successful in gaining an Agreement in Principle (AIP) or Decision in Principle (DIP) this is not a guarantee that a mortgage will be approved – the lender still needs to go through several of their own checks and balances before agreeing to lend, and checking someone's credit file would only form part of those checks and balances.

Other variables associated with a mortgage application would be the need to have a successful valuation of the property – any problems with the security being proposed could lead to a lender withdrawing their agreement to lend. Solicitors' searches could also potentially find problems with a property which could prevent the purchase going ahead. And of course, given there can be several parties involved in a property chain, there's always the possibility that one of the other parties involved could have found problems with their own applications or properties and had to withdraw therefore causing a delay leading to the need for new applications or breaking the chain. Or, given the market, someone else may have provided a late, preferable offer to the sellers causing Mrs A to lose the property.

Mrs A has noted in her submissions that buying a property is one of the most stressful things someone can do. I find it difficult to disagree with Mrs A on this point – and I would note that some of the reasons it is so stressful is because of the variables involved which I've described above.

Our service's role is to decide what is a fair and reasonable resolution in all the circumstances of an individual case. And where it's identified that something has gone wrong, we try – as far as is reasonably possible – to put someone back in the position they would have been in had the error not occurred. This is not always an easy thing to do, particularly when in cases such as Mrs A's complaint, there is no certainty about what may have happened had the error not occurred.

Mrs A is seeking the £15,000 she was initially looking for her mortgage as compensation. But for me to say it would be fair and reasonable for Experian to pay this or increase the compensation they have already offered, I would need to be satisfied that Mrs A's mortgage and inability to buy a property were solely rooted in incorrect information being reported on her credit file. And I've not seen enough for me to fairly conclude this was the case.

So, while I do realise this will not be the outcome Mrs A was hoping for, given there are too many variables here to know with any reasonable certainty what may have happened if Experian had not caused this error, I'm unable to say that Mrs A's mortgage application and her attempt to buy a new property, did not succeed solely due to the information wrongly reported on her credit file.

Experian offered Mrs A £150 to recognise the upset and inconvenience this caused her. In the circumstances I think this is fair. Mrs A raised her concerns with Experian in November 2021 and in the same month Experian confirmed they'd corrected her credit file. Mrs A was then in possession of a letter from Experian supporting the default was not attributable to her – which I think is something she could then have taken to any lender in support of a mortgage application if needed.

Putting things right

Experian Limited should pay Mrs A £150.

My final decision

For the reasons above, my final decision is that Mrs A's complaint is upheld and I think Experian's offer of £150 to put things right is fair in the circumstances - so if they have not already done so, Experian Limited should pay Mrs A £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 28 July 2022.

Kristina Mathews
Ombudsman