

## **The complaint**

Miss S and Miss W complain that National Westminster Bank Plc ('NatWest') have conducted credit searches which have left a footprint on their credit files without proper warning or instruction. They want these searches to be removed from their credit files.

## **What happened**

On 21 July 2021, Miss S and Miss W used their online banking app to investigate taking out a joint loan. They began the process twice, in order to see indicative rates, but did not submit either application. Each of these part-applications led to a full credit check, which has appeared on the credit files of both Miss S and Miss W.

Miss S didn't think that was right, as she discussed potentially taking out a loan with NatWest during a phone call on 21 July 2020. In that call, NatWest told her that it would be making a 'soft' search of her credit file which would not leave a 'footprint'. So she called the bank when she noticed these checks on their credit files. She was advised that the checks which had been done during the telephone call should not appear, and the bank worker could not explain why they had done so, and suggested that the searches should be removed.

Miss S and Miss W say that they did not receive sufficient warning that this was part of the process that they were following, and that they did not consent to these searches. NatWest says that the app gives warnings that they will run a 'full credit check' to decide whether an application will be accepted. It also says that there is a warning before the application process begins that the applicants will be 'credit scored'. It says that this takes place during the process, rather than at the point of submitting the application, and that the customer must consent to this by ticking the relevant box on the application. NatWest also says that it never conducts 'soft' searches in relation to joint applications.

Miss S and Miss W don't remember seeing these warnings, and feel that they are too vague in any event. They say that references to 'credit scored' or 'full credit checks' do not necessarily mean 'hard' checks which will leave a footprint. They say that this needs to be made very clear for consent to be effective.

While NatWest does not think that it has got anything wrong, it has offered Miss S and Miss W £150 as a goodwill gesture.

Our investigator considered this complaint, and thought that the bank had not acted unfairly or unreasonably. They thought that the bank had made clear that checks would be carried out, and that they had been. They thought that £150 was a reasonable offer and did not ask the bank to do anything more.

Miss S and Miss W did not agree and so this has come to me for a final 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.

During the course of the investigation, references have been made to an ongoing subject access request ('SAR') from Miss S and Miss W to NatWest. But in this decision I can only look at their complaint about the searches, where NatWest has issued its final response to that. I note that NatWest says that it has provided everything relevant to the SAR already. If Miss S and Miss W wish to complain directly to the bank about the handling of their SAR, they may of course do so.

I have listened to Miss S's phone call with the bank from 21 July 2021. Potential loans and rates are discussed, and the potential impact of searches on credit files is mentioned. Miss S talked about potentially seeking a joint loan, but the difference this would make in terms of 'hard' and 'soft' searches was not mentioned. The NatWest employee was not acting as an advisor, but only discussing the topic at a broad level. So at this stage NatWest only gave information based on the circumstances of that call, where the focus was on Miss S asking about a loan as an individual.

Miss S also says that another staff member at a later date hadn't known that 'hard' searches would follow a joint application through the app. I do not think that it would be reasonable to require staff to warn of the necessity of a hard search in all joint loans when the topic was being discussed in this way, and so I don't think NatWest treated Miss S unfairly or unreasonably at that stage.

I have listened to a later call from Miss S to NatWest, where she was advised that the searches should not have appeared on her credit file as no application had been completed. It is clear from the call that Miss S was asking about searches during her telephone call, rather than the online application. She was correctly told that no hard searches should have been done during the telephone call of 21 July 2021. The bank worker also specifically asked whether Miss S had made any applications through the app on the same day as the telephone call, which she had in fact done. This question was not fully answered, which contributed to the confusion as to whether the searches had been properly recorded.

Miss S and Miss W do not recall seeing warnings about the searches which would be carried out and, in any event, say that the wording which has now been described to them is too vague. I have considered these points separately.

Firstly, I have looked at the screenshots which have been provided by NatWest, and which it says forms part of the application process. The first, which precedes logging in and completing any forms at all, says 'we'll run a full credit check to tell you if you're accepted for a joint loan'. The second, which is part of the form which must be completed, says "By clicking "Yes" you agree you meet the above eligibility criteria and consent to being credit scored". NatWest says that these screens were both active at the time of the applications, and I am satisfied that it is more likely than not that this is correct, where the applications look to have been processed in line with NatWest's usual systems and procedures. More likely is that Miss S and Miss W have simply, and understandably, forgotten some of the specific wording of the many screens that they read.

Secondly, I must consider whether these screens give fair warning that a more detailed credit check than the 'soft' search which had been carried out over the telephone would follow. On balance, I think that they do. The reference to a 'full credit check' is a clear one, and can only mean a search which is complete and in-depth. The later reference to consenting to being 'credit scored' is potentially less clear in isolation, but combined with the earlier reference, is reasonably clear. I think that NatWest had done enough to make clear that full credit checks would be carried out, and I think that this is what it did.

I note that Miss S and Miss W say that a reference to a 'hard search' would have been clearer to them. I can understand this, but the question for me is whether NatWest have acted unfairly or unreasonably, and I do not think that the wording that it chose was either unfair or unreasonable. Ultimately, what NatWest has recorded is an accurate representation of what happened here – which is that Miss S and Miss W applied for loans and that's what's showing on their credit files. The reporting of accurate information to the credit reference agencies is an important responsibility of a lender, and recording these searches was fair and reasonable.

I have considered whether the fact that the applications were not submitted, meaning that the process did not reach a stage where documents were generated and sent out for signature, means that the searches should not have been carried out, or else not recorded. Given the early stage in the process at which consent was sought, and given, I do not think that it was unfair or unreasonable to carry out the searches during the application process. There was nothing to suggest that consent would be asked for again, or in some way finalised, later in the process. By clicking 'Yes', Miss S and Miss W consented to the searches which were carried out. Even if Miss S and Miss W weren't entirely clear on what basis this would be recorded – I've explained above why I don't think it's fair to hold NatWest responsible for that.

I do not think that NatWest has acted unfairly or unreasonably toward Miss S or Miss W. It gave warnings that these checks would be carried out, and they were consented to. In the circumstances, I am not going to ask it to do anything further.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S and Miss W to accept or reject my decision before 2 December 2022.

Marc Kelly  
**Ombudsman**