

The complaint

Mr G has complained that Bank of Ireland (UK) PLC incorrectly recorded adverse information on his credit file and is unhappy with the service it provided in relation to his current account.

What happened

In 2019 Mr G's current account was closed as part of a closure campaign. But on 18 February 2021, Mr G received a text message advising that his account was overdrawn by £1.00. So, he contacted Bank of Ireland to query this. Mr G was told the error had occurred due to a system failure, so the fee would be refunded. He was assured this error wouldn't impact his credit file. Mr G asked to close the account but he was told he would need to put his request in writing.

Mr G says he wrote to his branch in March 2021 as advised to request that his account was closed. As he didn't receive any further updates or text messages, he assumed his request had been granted and there were no further issues.

However, on 12 March 2021 and 18 March 2021 two further £1.00 statement fees were charged and Bank of Ireland reported that the account was overdrawn to credit reference agencies.

Mr G applied for a home improvement loan in September 2021. But the rates he was offered weren't as he expected, and this caused him some concern. He says his credit report showed a decrease in score from 929 (in July 2021) to 714 (in September 2021). But by December 2021 Mr G says this declined further and his credit score was 558 and showing as 'poor'. So, Mr G contacted Bank of Ireland to raise a complaint.

Mr G explained to Bank of Ireland how this had prevented him from getting competitive rates, which affected his future plans, which in turn had a negative impact on his relationship and his mental health. He explained that during this period of time he had become suicidal. And while he had started receiving support it still had a huge impact on him. Therefore, he wanted £10,000 compensation.

Bank of Ireland looked into the complaint and confirmed that due to a systems error it failed to close his account in 2019 and 2021. As a result, it incorrectly charged Mr G for statements during this time which resulted in adverse data being reported to credit reference agencies. However, in its Final Response Letter dated 7 February 2022, it apologised for the error, confirmed it had contacted the Credit Reference Agencies and removed the historical adverse information that was being reported in regard to this issue. It confirmed that the system error was being investigated and it wasn't obliged to divulge any further information in regard to that. It offered Mr G £500 for any upset it had caused but felt this was proportionate as while Mr G was impacted by this, he wasn't defaulted. And while Mr G felt the banks errors had impacted his personal life, Bank of Ireland felt it couldn't be held responsible for this.

Mr G remained unhappy, so his complaint was referred to our service. Our investigator looked into Mr G's complaint and she felt a further £250 was warranted based on Mr G's specific circumstances. Making the total compensation, £750. She explained to Mr G that our service is allowed to make modest awards and she felt this was fair. Mr G remained unhappy, so the complaint was passed to me to consider.

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 so, I agree with the investigator's findings for broadly the same reasons, I will explain why. But firstly, I would like to highlight that I have taken into account Mr G's very detailed submissions about what happened at the time and how it impacted him. I hope he doesn't take it as a discourtesy that I don't reply to every point he has made. The purpose of my decision is to explain my findings on the issue I consider to be key in this complaint.

I would also like to point out that I really do appreciate the impact this issue has had on Mr G. And I am so sorry to hear about the challenges Mr G has faced, I understand this must have been a very difficult time for him. But in reaching my decision in this case, I have to put aside my natural feelings of empathy and consider the case impartially and fairly, based on the available evidence. And while our service is able to make compensation awards, the awards we make are modest, fair and reasonable.

It's not in dispute that Bank of Ireland made an error. It has apologised for the error, explained how the error occurred (albeit not in as much detail as Mr G would like) contacted credit reference agencies to notify it of its error and offered Mr G £500 for the upset it caused. And while I don't think the compensation offered was enough (based on the circumstances of this complaint) I do think in other similar circumstances it would be in line with what I would award. However, it is important to remember we consider each complaint independently and on its own merits.

Therefore, I have gone on to assess the impact of Bank of Ireland's actions on Mr G. Mr G thought his account had closed in 2019. So, it would have come as a shock for him to receive a text message in 2021 notifying him he was overdrawn. While this issue was quickly 'resolved' it did result in some inconvenience to Mr G.

After Mr G wrote to Bank of Ireland in March 2021 to request it closed his account, he didn't receive any further notifications, so he assumed the issue had been resolved. However, in reality the account was actually overdrawn, statement fees continued to be charged and the status of the account continued to be reported to credit reference agencies. I can't be certain if this was an error on Bank of Ireland's part or an error with the postal service, but Mr G didn't receive any further contact, but given that Mr G was notified in February 2021, I think Bank of Ireland could have done more to make Mr G aware further issues had occurred. Again, I have taken this into account when considering a compensation award.

Between July 2021 and September 2021 Mr G says his credit score had been seriously impacted by Bank of Ireland's error, which affected him obtaining credit which impacted his relationship, living conditions and mental health. While I accept that Bank of Ireland's error would have impacted Mr G's credit file, I can't be certain that this and this alone impacted the interest rates Mr G was offered on the loan he applied for to assist with his home improvements. I say this because all lenders have their own criteria which they will use to assess eligibility and while credit reports are taken into consideration there is a lot of other factors which will also be considered. I haven't seen any evidence to show higher interest rates were offered based solely on the information reported by Bank of Ireland. So, it

wouldn't be reasonable to hold Bank of Ireland solely responsible for this.

However, the bank's error had impacted Mr G for 10 months (albeit without him knowing) and adverse information was being recorded on his credit file during this period of time. So, while Mr G may not have been overtly aware the Bank of Ireland was reporting adverse information on his credit file, he was aware something had changed with his financial position. And having considered his comments about his very difficult circumstances and his mental health at the time, I appreciate finding out that the Bank had reported this information incorrectly for that long would have compounded his vulnerability. And while I can't hold Bank of Ireland responsible for this (as it wasn't aware) I accept that in these particular circumstances, its error had a bigger impact on Mr G.

Mr G is unhappy with the award recommended by our investigator; however, I feel it is fair. I say this because, as I mentioned above, our awards are modest and while I don't think the Bank's offer is unfair for the events that occurred, I do think Mr G's circumstances meant that the impact the error had on him was greater. While I don't think it's fair to say this alone impacted his mental health, I can see how it would have been a contributing factor. As such, I'm satisfied that £750 recognises the impact the issue had on Mr G.

I understand Mr G would like further clarification on what caused the technical issue with the bank's systems, but Bank of Ireland are not required to provide this. The Bank has confirmed it has put measures in place to prevent this from happening again. As such, I won't be asking it to do anything further.

Putting things right

Bank of Ireland (UK) Plc should pay Mr G £750 for the distress and inconvenience it has caused.

My final decision

My final decision is that I uphold this complaint and require Bank of Ireland (UK) Plc to pay Mr G £750.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 December 2022.

Jade Rowe
Ombudsman