

The complaint

Mr K complains Experian Limited incorrectly defaulted an account he held with a catalogue company.

What happened

Mr M became aware a default had been applied for the account with the catalogue company, who I'll refer to as S. He complained to them, and they said they'd not loaded a default, it was Experian who had incorrectly loaded a default. Mr M complained to them.

In June 2021 Experian said it seems a default was added by S for a balance of £142 showing as registered on 14 July 2017. Experian said they looked at this further, and it showed S had made a manual adjustment to the account on 25 August 2021 removing the default. They said this could be seen on the most recent credit report on 5 September 2021.

In a later response, Experian added the previous update by S to the account was on 10 November 2019 when the account was updated to show the balance as £0 to show the default was satisfied. They said they keep records of defaults for six years.

Mr M wasn't happy with this, saying both parties were blaming each other, so asked our service to look into things. In doing so, he provided a copy of the outcome of a complaint he made to the Information Commissioners Office (ICO). The ICO is the UK's independent authority on information rights and data privacy for individuals. They said:

In a letter sent to you on 1 September 2021, S... confirmed that the inaccurate information recorded on your credit report was caused by Experian. We believe this to be true. Indeed, the fact that the equivalent data held by the other two credit reference agencies appears to be accurate stands as strong evidence that this issue is with Experian rather than S... Therefore, should you wish to take this specific issue any further, you would have to raise it directly with Experian.

Unhappy with this Mr M asked us to look into things. One of our Investigators did so, and ultimately upheld the complaint awarding £150. He felt the evidence suggested Experian had misinterpreted the information given to them by S and they'd recorded a default incorrectly.

Mr M didn't agree with this, in summary he initially said:

- The assessment reads as though the default only impacted him for two months – June to August 2021 – when actually it was recorded in October 2019 and removed August / September 2021 so it impacted him for a period of two years.
- He took out car finance in February 2021 when the default was present so thinks it's fair to assume he'd have been classed as high risk with higher interest rates charged.
- While he would have expected his credit file to be poor post 2017 due to previous issues, Experian then decimated his credit file further by applying the default between 2019 and 2021 which would have seriously hindered his ability to get future credit at reasonable interest rates.

- Overall he didn't think £150 was fair, and thought it should be more.

Mr M also raised some points about the way S had handled his account and their actions. Our Investigator responded to Mr M's points, but still felt £150 was fair.

Experian replied, they also didn't agree with the £150 and in summary said:

- The way S sends their files through means they don't store archived copies of the files.
- They could see there was no longer any record of a default on the account, as S had carried out a manual adjustment on 25 August 2021 (which then showed in September 2021's update the default had been removed). They said it was originally showing as a satisfied default with a close date and default date of 13 July 2017 but updated the record to remove the default date and original default balance – with the account status now showing as settled.
- This means S must have incorrectly reported this person as a default account back in 2019, as the last update was 10 November 2019 and then acknowledged their error and manually updated it.

In his last responses Mr M says when closing his account and reporting the closure to the credit reference agencies, certain information has slipped through the net – and he says this has resulted in Experian displaying a default against him. He says this was recorded from 13 July 2017, when S were also writing off his account, and says it's ironic these dates align perfectly. Mr M now says Experian aren't at fault.

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.

I think it's important to explain this decision only deals with Experian's actions based on the evidence provided. Although it's clear S's actions are important in reaching a fair outcome against Experian, I won't be commenting on them or making any finding against S. I also think it's important to explain I'll be focusing on the crux of the complaint – which is that a default has been recorded incorrectly. I understand Mr M now believes this was down to S. But he's asked us to consider a complaint against Experian, so we've done that.

There has been a lot of detail provided by all parties in this complaint about what happened and when. But, crucially, I can't ever see that Mr M's account with S was defaulted. So, any default being recorded with Experian has been done so incorrectly.

Next, I need to look at the evidence provided by the various parties to determine whether this was or wasn't an error by Experian. And, where information is incomplete or contradictory, as some of it is here, then I need to decide what I think is more likely than not, taking into account the information I do have.

Having been through S's evidence they've not provided anything to show they've asked Experian to register a default. Experian have explained they're unable to provide evidence of what they received from S that led to them recording the default – although they have speculated about how this came about.

Immediately then, Experian don't have any evidence that supports their position. Added to this I can't ignore that the other two credit reference agencies (CRA's) do report this account, but didn't record a default against Mr M's account for S. So, if S had mistakenly asked for a

default to be recorded, I'd logically expect the default to show on the accounts with the other CRA's as well – but it doesn't.

Finally, the ICO have said they believe Experian have made an error – for the same reasons I've mentioned above about the other two CRA's not reporting a default.

I've noted Experian's point about the records and the update on 25 August 2021 means S incorrectly reported Mr M's status. While I agree that's one interpretation, I don't think it's the only interpretation. I think it's equally possible, based on the information provided and bearing in mind there is nothing to say S ever told Experian to default the account, they were doing general updates – and the 25 August 2021 update was because Mr M had contacted S about the incorrect information reported by Experian.

Given the time that's passed and the records available I simply don't have categoric proof of what happened, when it happened and so on. But, on balance I think it's more likely than not Experian have made an error here leading to the default being applied to Mr M's account. There is no evidence S ever asked them to record a default, the other CRA's never did, and Experian can't prove how the default came to be recorded.

With that in mind, I now need to decide what I think a fair way to put the matter right is.

Our Investigator explained to Mr M on several occasions in order for our service to award financial loss we need to be satisfied that's occurred. In this context, Mr M has said that as a result of the default it's fair to say the interest rate on his car finance will have been higher – and he'd have been denied opportunities for fair credit as a result of the incorrect default as well.

I've looked carefully at Mr M's evidence, but I've not been persuaded by it. All lending applications are affected by a multitude of factors, of which someone's lending history is just one factor taken into account. Mr M hasn't provided, when asked, clear evidence that the sole or primary reason his car finance interest rates may have been higher is because of the default being incorrectly applied. I've also not seen any evidence of applications Mr M may have attempted being turned down due to the incorrect default.

So, based on the evidence provided, I don't award any financial loss Mr M is claiming for. But, I do think some compensation is fair.

Our Investigator awarded £150 compensation – Mr M said this wasn't even close to enough for the impact of a default being on his credit file for two years.

I do understand what Mr M is saying. But, while the existence of a default could have led to higher costs for him, I've seen no evidence of that as I've explained above.

Instead, I have to separate out the potential impact on Mr M's finances, to the frustration and inconvenience he's experienced from when he knew about the default being applied in June 2021. I can see he was told by Experian it wasn't their fault, when actually I've decided it was. I think the existence of the default, and the chasing around Mr M has had to do to get matters resolved is disappointing. But, overall, I think the £150 our Investigator awarded is fair.

My final decision

For the reasons I've explained above I partially uphold this complaint and require Experian Limited to pay Mr M £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 November 2022.

Jon Pearce
Ombudsman