

The complaint

Mr S complains that incorrect information recorded on his credit file by Experian led to a mortgage application being declined.

What happened

In 2020 a business that provides current accounts (L) recorded a default on Mr S' credit file. L also recorded a default in relation to a credit card. Mr S' credit file shows there were two missed mortgage payments recorded in 2020.

In 2021 a County Court Judgement was registered against Mr S on his credit file. But the CCJ was set aside a few weeks later so should've been removed.

A few months later, Mr S applied for a mortgage with the intention of purchasing further tranches of a shared ownership property he lives in. But the mortgage was declined due to information found on Mr S' credit file.

Mr S has told us he was unaware the CCJ remained on his credit file as the address Experian used when generating his report wasn't updated when he moved. As a result, Mr S says he didn't see the CCJ until the summer of 2022, when Experian updated his address.

Mr S complained to Experian and said the CCJ had led to his mortgage application being declined. As a result, property prices and interest rates have increased and Mr S says he's been left with a significant financial loss. Mr S also complained about the service provided when he called to discuss his credit file.

Experian partially upheld Mr S' complaint and apologised for the service provided. But Experian said the CCJ issue had come about because of differences in postcodes used by the organisation that reports CCJs to the credit reference agencies. Experian also said it had raised a dispute with L regarding the default but wasn't given permission to remove it.

An investigator at this service looked at Mr S' complaint. They contacted the mortgage lender but was unable to obtain confirmation that the CCJ was the deciding factor in the application.

Experian went on to make an offer of £200 to resolve Mr S' complaint. Experian accepted it had misreported the CCJ on Mr S' credit file and that the service he received was poor. The investigator thought Experian's offer was fair. Experian accepted it had failed to remove the set aside CCJ but noted other information on Mr S' credit file that could've impacted a mortgage application. Mr S asked to appeal, so his complaint has been passed to me 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to ensure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I understand Mr S has found the process of securing a new mortgage deal problematic due to information recorded on his credit file. And Mr S has told us he thinks the CCJ and issues with his Experian credit file caused his mortgage application to be declined. I'm very sorry to disappoint Mr S, but I haven't seen clear evidence that the mortgage application was declined solely on the basis of the CCJ mistakes Experian made. I'll explain why.

Looking at Mr S' credit file over the period of raised, I can see it's been amended. Mr S forwarded a credit report from another credit reference agency that showed a current account and credit card default with L. And Experian recorded a current account default with L up until this summer. In addition, looking at Mr S' mortgage history, there's evidence of two missed payments in 2020.

Our investigator contacted the mortgage lender Mr S approached but it was only able to confirm the application was declined as it failed the credit check. I don't doubt that a CCJ would've had an impact on any application Mr S made. But I also think it's fair to note that other factors like defaults and missed mortgage payments are likely to play a role as well. The mortgage lender was unable to specifically confirm it was the CCJ that led the application to be declined.

Experian accepts it should've removed the CCJ sooner. And I agree that would've led to less confusion in the long run. But the information I've seen doesn't show the CCJ was the only contributing factor. On balance, I think the default and mortgage arrears could have been considered by the potential mortgage lender as well.

I can see a default with L was removed from Mr S' credit file. But the default was removed after L gave consent and confirmed it had been recorded in error. Experian raised a dispute with L on Mr S' behalf and went on to amend the entry, removing its default, once given permission to do so. As L was the party responsible for the default reported, I'm unable to agree Experian's treated Mr S unfairly by recording it on his credit file.

Mr S has also complained that Experian failed to update his address which meant information on his credit report wasn't displayed. Experian's explained it relies on customers to update their details to ensure the credit report provided is accurate and contains all the relevant information. Experian's explained that the raw data from a consumer's credit file is access by businesses when carrying out a credit search. When a customer requests a copy of their credit report Experian uses their personal details, including address history, to produce it. As Mr S' current address wasn't updated on Experian's systems, the credit reports didn't contain up to date details.

I've listened to Mr S' call with Experian and agree it was poorly handled and that the agent was unprofessional. It was fair for Experian to offer compensation in the circumstances.

I agree Experian incorrectly reported a CCJ on Mr S' credit file but I haven't found evidence that supports the view it was the sole deciding factor in relation to his mortgage application. I'm satisfied there's other information on Mr S' credit file that would likely have been taken into account. I agree there was a delay in removing the default which caused confusion. And I agree the service provided by Experian was poor at times.

Experian has made an offer of £200 to reflect the level of distress and inconvenience caused. Mr S' credit file now appears to be in the correct position. And I'm satisfied the £200 fairly reflects the level of distress and inconvenience caused. As Experian has already made an offer that's fair and reasonable in all the circumstances I'm not telling it to do anything else.

My final decision

My decision is that Experian Limited should pay Mr S £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 January 2023.

Marco Manente
Ombudsman