

The complaint

Mr S is unhappy Transunion International UK Limited recorded incorrect information on his credit file.

What happened

Mr S says he started work with a firm in September 2021 – this work involved Mr S supplying a service to the firm through his limited company. Soon after starting, background checks were carried out by the firm and on 6 October 2021, Mr S was asked to stop working as a result of the checks being unsuccessful. Mr S says the background checks found adverse information on his Transunion credit report and because of this information, the firm deemed him a risk. Mr S says he contacted Transunion immediately to let them know the adverse information on his credit report was incorrect as it didn't relate to him.

Mr S says as a result of this issue, he lost out on 20 days' worth of work as he wasn't able to restart the contract until the information had been removed and further checks were carried out. Mr S wants to be repaid for the loss of income which he calculated to be around £5,800 – Mr S says this figure is made up of his monthly salary and dividends taken from his limited company. Mr S also provided us with a copy of a letter from his accountant confirming the total loss amount. Mr S says this letter cost him £60 so he's asked for this cost to be reimbursed.

Transunion apologised and said occasionally, their data matching routines won't always find the right home for an item (or items) of data, which is what happened in Mr S' case. Transunion said this rarely happens and they reassured Mr S that their database had been corrected.

Our Investigator ultimately said Transunion should pay Mr S the loss he suffered as an individual rather than the loss his limited company suffered. Mr S told us he would have earned a basic salary of £737.

Transunion first said they were prepared to pay the £737. But they then told us they made corrections to Mr S' credit file on 13 October 2021 and that they emailed Mr S on the same day confirming the incorrect information had been removed. So Transunion said they weren't prepared to pay for any losses Mr S may have suffered from 13 October 2021 (when they corrected his credit file) to 1 November 2021 (when the contract restarted). Transunion also said they weren't prepared to pay the fee for the accountants' letter that Mr S asked for as it was his choice to contact the accountant.

Mr S acknowledged he received the email of 13 October 2021 but said he couldn't view the information they said they corrected. Mr S also said he tried to contact Transunion but that he wasn't helped over the phone which was frustrating for him. Overall, Mr S disagreed and remains of the opinion that Transunion should pay the total loss amount of around £5,800 that he suffered, as well as the £60 fee he paid for the letter from the accountant. So, the complaint has been passed to me to decide.

I issued a provisional decision on the matter, setting out the below:

It's not in dispute here that incorrect information appeared on Mr S' credit file. And that this was an error caused by Transunion, rather than Mr S. What's left for me to decide is whether this error had an impact on Mr S and what, if anything, Transunion should do to put things right for Mr S.

Mr S has provided a copy of the contract he was supplied with from the firm showing he started work with them on 20 September 2021. And this contract shows the service supplied to the firm was through Mr S' limited company. Mr S has also provided a copy of a letter from the firm to say full checks were completed on 6 October 2021 and due to adverse information showing on Mr S' Transunion credit report, he was unable to start work again before 1 November 2021. Having carefully considered this, I'm persuaded by this evidence and I'm also persuaded that Mr S wasn't working between 6 October 2021 and 1 November 2021 – when the contract recommenced.

Mr S told us he would have earned a basic salary of £737 a month, but as he was acting through his own limited company for the contract, the majority of the remaining amount was taken in dividends as well as the relevant tax paid by limited companies – this is further supported by the accountants' letter. Having looked through the calculations, I can see Mr S considered what his limited company would have been paid in total, had it not been for the contract pausing. However, I can only consider the loss Mr S has suffered himself, as an individual and I can't compensate Mr S for any losses his limited company may have suffered. I say this because Mr S has brought this complaint to us as an individual, Mr S' limited company isn't a customer of Transunion and the issue at hand here is incorrect information appearing on Mr S' own credit report. As explained, the calculations from both Mr S and the accountant show Mr S would have earned £737 for the period he wasn't working – which was about 20 working days. The other losses in the calculations are those suffered by the limited company which I can't fairly ask Transunion to pay.

I note Transunion have said they aren't prepared to pay Mr S for the time he wasn't working from 13 October 2021 to 1 November 2021. However, had it not been for the mistake of incorrect information on Mr S' credit file, his contract never would have been paused when the background checks were carried out on 6 October 2021. Mr S says because of the unsuccessful checks, he had to wait until further checks were carried out which resulted in his contract recommencing on 1 November 2021 - I don't find this explanation to be unreasonable and I also don't think this was something Mr S could control. So, with all this in mind, I currently think it's fair Transunion pay Mr S what he would have earned for the whole period from 6 October 2021 to 1 November 2021 which would have been £737.

I note Mr S asked Transunion to reimburse him the £60 it cost him to get the accountant's letter, which Transunion didn't agree to. Having looked at the accountants' invoice for this letter, I can see the customer of the invoice is Mr S' limited company and not Mr S. Therefore, I can't fairly require Transunion to reimburse Mr S this loss, as it wasn't paid by him personally, and was invoiced to his limited company.

Lastly, I think it would have been distressing and worrying for Mr S to find that adverse information had been found on his credit file which led to the background checks not being successful and resulted in his work being paused. Transunion have acknowledged this was a data matching error but haven't been able to provide a further explanation as to how this happened. So, for these reasons, I currently think Transunion should pay Mr S £100 compensation for the distress and inconvenience caused.

Mr S responded and said the figure of £737 had been used in isolation without considering the other losses he set out to us. Mr S also explained the money flow in contracting and ultimately reiterated that income from his limited company is paid to him in a mixture of

salary, dividends and other expenses. Mr S added the invoice showing the accountant's letter in May 2022 being billed to his limited company was an error on his part. Mr S said he has spoken to his accountant and they're happy to credit the invoice to him as an individual as he wants Transunion to reimburse him with the £60 it cost to get the accountant's letter.

Transunion didn't have anything further to add for 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.

I want to assure Mr S that I do understand he didn't receive money through dividends. But the dividends are from profits earned by his limited company which the company wasn't able to earn as a result of Mr S's contract being paused. In essence, Mr S hasn't been paid any dividends as a result of the limited company not being able to make a profit. While I accept the limited company's profits are linked to Mr S being able to work and any loss leads to Mr S not getting some of the dividends, the loss of profit is still the loss of the limited company and not Mr S' personal loss even though he is affected by it. As previously explained, I can't fairly require Transunion to pay Mr S for losses his limited company may have suffered.

I note Mr S has also said the financial loss of £737 was presumed by our Investigator. But I can see Mr S confirmed in an email to us of 5 May 2022 that his basic salary for the month was £737. So, I don't think it was presumed. I appreciate our Investigator didn't initially think Transunion should pay Mr S the dividends amount. But for reasons I've already explained, I don't think this is a loss I can see Mr S himself, has suffered.

I appreciate Mr S' point that he made a mistake when instructing the accountant to produce the document. But I have to take the evidence on face value – which was the invoice that showed Mr S' limited company was billed for that letter. I'm not persuaded by the further evidence Mr S has given that there was an error. With that said, I can't ask Transunion to reimburse Mr S for this cost as it's not a loss suffered by him.

Putting things right

In summary, I think Transunion should:

- Pay Mr S £737 plus pay 8% simple yearly interest on this amount from when Mr S would have earned this money to the date of settlement.*
- £100 compensation.

**If Transunion International UK Limited consider that they're required by HM Revenue & Customs to withhold income tax from that interest, they should tell Mr S how much they've taken off. They should also provide Mr S with a tax deduction certificate if he asks for one so he can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For reasons explained above, I uphold this complaint and I require Transunion International UK Limited to carry out the actions as set out under the 'Putting things right' section of this provisional decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 January 2023.

Leanne McEvoy
Ombudsman