

The complaint

Mr and Mrs R told us The Co-operative Bank Plc trading as Platform wrongly said they'd missed a mortgage payment in early May 2022. This mistake wasn't rectified by all credit reference agencies ("CRAs") until late June, and they say it affected their new mortgage.

What happened

Mr R and Mrs R said that Platform made a mistake when they tried to make a large additional payment to their mortgage, and in early May 2022, while it was trying to put things right, it ended up recording this as a missed payment. They complained, but this wasn't removed by all three of the major credit reference agencies ("CRAs") until late June.

Mr and Mrs R said they were applying for new mortgages at the time, and this credit file mark meant they couldn't get the best offers available then. They said they ended up paying more, over a ten-year fixed interest rate period. So they wanted Platform to pay the difference each month between the interest rate they could have got without the missed payment mark, and the one they ended up with.

Platform accepted it made a mistake in how it processed an extra payment for Mr and Mrs R's mortgage at the end of April. When it told Mr and Mrs R on 19 May that it had put this right, it also said that this wouldn't affect Mr and Mrs R's credit files, but it had. Mr R told Platform on 20 May this had been marked as a missed payment on his credit file.

Platform said it confirmed with Mr and Mrs R that it would put this right on 23 May. It contacted the three main CRAs on 24 May to ask for amendments. Two of these CRAs replied to confirm this was done. But the third said on 8 June that it couldn't find Platform's customer from the information it had sent, and asked for additional information. Platform provided that. This third CRA confirmed on 21 June that it had made the changes requested, but said it might take seven days to show on the credit file. Platform passed this information on to Mr R on 22 June, so Platform said Mr and Mrs R knew that changes might not yet have been made, when they made their mortgage application to their preferred lender on 23 June.

Platform accepted it had made a mistake, so it offered a payment of £200 to say sorry for that. But it said it couldn't be responsible for Mr and Mrs R being refused for a mortgage offer on 23 June, when it had requested credit file amendments on 24 May. So Platform wouldn't pay towards their additional mortgage costs.

Our investigator thought this complaint should be upheld. She said she was persuaded that Mr and Mrs R would have been accepted for the better mortgage they wanted, at 2.82% (from a bank I won't name here, but will call Lender 2) if their credit file wasn't impacted. She said Platform should've worked faster to get this fixed. So she thought Platform should now pay the difference in the monthly interest rates between what Mr and Mrs R would have paid at 2.82% and the rate they currently have of 3.3% over the 10 year fixed rate period.

Mr and Mrs R agreed with that, but Platform didn't reply. Because no agreement was reached, this case was passed to me for a final decision. I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did not propose to uphold it. This is what I said then:

I know our investigator felt that Platform was responsible for this mistake, so it was fair to ask Platform to pay the difference between what Mr and Mrs R are paying now, and what they would have paid if they'd been able to secure a rate of 2.82%. But I think there are a number of problems with that.

This is a provisional decision, and either party can provide additional evidence in response to this. And here, I do think that there are a considerable number of hurdles for Mr and Mrs R to get over, before it would be fair and reasonable for me to hold Platform responsible for their additional mortgage costs. Any one of these issues might, unfortunately, mean that this complaint isn't upheld. I will set each of these out in turn.

Firstly, I do think that Platform is responsible for the initial credit file error. But I'm sorry to have to tell Mr and Mrs R that I'm not persuaded it would be fair and reasonable for me to hold Platform responsible for that error still being present when Mr and Mrs R applied for their mortgage, on 23 June, or after this date.

The internal notes that Platform has sent our service show it asked all three major CRAs to remove the error on 24 May. Two of the three CRAs managed to do this without difficulty, but the third CRA, which still showed this mistake on 23 June, replied on 8 June to say it couldn't find the account. Platform gave alternate details then, and it chased on 16 June and again on 21 June. This CRA didn't confirm that the requested amendments had been made until 22 June.

I haven't been able to see that it's Platform's fault that the amendments at the third CRA weren't made in response to either its first or second request for changes. I think that means it wouldn't be fair and reasonable for me to hold Platform responsible for the additional costs Mr and Mrs R say they face now, because those changes hadn't been made on the day that Mr and Mrs R applied for a mortgage.

Secondly, I haven't been able to link the outstanding amendments, at the third CRA, to the refusal of a mortgage application made on 23 June by Mr and Mrs R. I know Platform had warned Mr R that the changes might take up to a week to show up. And I understand that Mr R felt mortgage rates were increasing, and he had to act, so he and Mrs R applied for mortgages on 23 June.

Platform has told our service which CRA it was, that was the last to action the requested credit file amendment. And I have listened to a call recording on 22 June, where Platform named this CRA, in discussion with Mr R. (Again, I won't name this business here, I only note that Mr and Mrs R are aware of which CRA this was.)

Mr and Mrs R then applied for mortgages the next day. They said they were turned down then for the best deal, with Lender 2. They've sent us details of the mortgage they applied for, and the application date is 23 June.

I understand they firmly believe that they were declined for the mortgage they really wanted on 23 June because of the mistaken credit file marks that Platform recorded. But if that was right, then I would expect to see credit searches on both Mr and Mrs R's credit files, from that lender, on 23 June. And I'd expect to see these searches made

through the only CRA that hadn't yet amended the credit file. I can't see that. I can only see searches made by Lender 2, through this CRA, some time later.

I don't know why Mr and Mrs R would have been declined for a mortgage with this lender. The only evidence we have of relevant searches or a reason for refusal are both dated from late July, by which time I would have expected the amendment Platform requested (and which the CRA confirmed had been done on 22 June) to have been fully effective. So I haven't been able to link this to the one CRA we know may not yet have made the required credit file amendments when Mr and Mrs R made their mortgage application.

I've also not been able to conclude that they would otherwise have been successful in their application to Lender 2. Although their credit files do now show an unmarked payment history, they also show that Mrs R has two other mortgages already, and her only income wouldn't cover these mortgages (so may be made up of rental income). That may make it less straightforward for Mr and Mrs R, jointly, to obtain a mortgage.

Finally, I also note that Mr and Mrs R aren't comparing like with like. The mortgage they got was for a smaller amount of money, over a longer period, than the mortgage they said they wanted. So even if I thought that Platform was responsible for Mr and Mrs R not getting the mortgage they really wanted (which, at the moment, I don't) I would have to take into account that, although in the longer term Mr and Mrs R will pay a mortgage for longer, at a higher interest rate, in the short term, month to month, they are better off by almost £200.

I haven't been able to see in this case that Platform is responsible for Mr and Mrs R being refused a mortgage by Lender 2 – that's both because I don't think it's Platform's fault that the mistake it accepts it made, wasn't remedied by 23 June 2022 when Mr and Mrs R applied for mortgages, and because I haven't been able to see that this mistake resulted in Mr and Mrs R then being declined for a mortgage by Lender 2.

I understand that Mr and Mrs R have found this all extremely stressful, and that Mr R reported other problems with credit applications before the mistake was rectified. I can see Platform offered a payment of £200 to make up for that. I don't think that's quite enough for Platform's part in what I think has gone wrong here, and the distress and inconvenience that this caused to both Mr and Mrs R, at what is already a stressful time. So I think Platform should pay a total of £400 in compensation for this complaint. I'll allow Platform to count the amount of £200, which I understand it has already paid, towards that total.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Platform replied to my decision to say it agreed to pay the additional £200 I had suggested.

Mr R replied, on behalf of himself and Mrs R, to disagree. He felt that some key evidence hadn't been taken into account.

Mr R said I'd decided that there was no evidence of credit searches by the bank I referred to as Lender 2. But he said his credit file, and that of Mrs R, both showed a credit check from Lender 2 on 22 July 2022, which he said was clear evidence that the search was conducted.

Mr R also said I'd suggested that it wasn't entirely clear why their application had been rejected, and this could be down to other issues like affordability. But he said he had an email from Lender 2 dated 22 July that did set out the reason he and Mrs R were turned down, which was "*related to a decline due to presence of credit arrears at bureau data*". Mr R said, from their perspective, there can be no clearer indication that the reason for the decline was due to the issue in their credit files. He said Lender 2 had confirmed it would have lent them in excess of £600,000 on its affordability calculator.

Mr R said it was correct to say that he and Mrs R were now better off by £200 per month, but he didn't think that was relevant, just because he and Mrs R had managed to increase their deposit. Mr R said the fact remains that if they had not had the error on their credit reports, they could have borrowed all the money they needed at 2.82% and not 3.3%. He said the cost to them of lending increased, that wasn't their fault, so they still felt their claim was valid. He said they were asking for the additional cost of the lending over 10 years.

Mr R said that finally, he wanted to stress that Platform had already admitted that it caused the original issue. This was its mistake. So he said that whilst he did have some sympathy that Platform had to wait for a third party to change the file back, he and Mrs R also felt that Platform didn't act in a timely manner or proactively to fix the issue.

Mr R said the issue was caused in late April. Platform sent a letter telling them about this on 19 May, but that said this wouldn't cause them any problems. Mr R said Platform never checked that there wouldn't actually be any problems, so it wasn't until he flagged it to Platform on 20 May that Platform knew it had affected their credit files. But after this, Mr R said Platform didn't check with the CRAs to ensure the issue had been resolved. Mr R said he had to raise this again with Platform on 22 June before Platform finally told the relevant CRA to fix the file.

Mr R said they hadn't done anything wrong, but due to the actions of third parties the capital they had borrowed was significantly more expensive. They said they might be able to understand if it was the fault of the last CRA to make the amendments (because it didn't make these sooner). But he said their overarching feeling is that the root cause of this was Platform, and so it should be liable for the increased cost.

Mr R said he and Mrs R felt there was ample evidence to point to the fact that Lender 2 performed a credit check and rejected their mortgage at 2.82% due to the negative marks on their credit files. Those negative marks were made by Platform, and it had numerous opportunities to fix this before the mortgage offer, but didn't. If it wasn't Platform's fault, Mr R said then surely I should hold the relevant CRA responsible.

Mr R said they also felt that £400 was dramatically far off the right compensation given the impact this had on them. He wanted me to look at the case again, because he didn't think that the provisional decision reflected all the information he had provided.

I think there has been some confusion here, and my understanding of events isn't quite what Mr R has set out above. I'll set out what I understand the relevant timeline to be, and comment on Mr R's arguments as I go through.

I accept that Platform made the original mistake, and that when it first wrote to Mr and Mrs R about this, it said their credit files wouldn't be affected. But Mr R contacted Platform right away, on 20 May, to say there was an impact on the files.

Platform then contacted all three of the major CRAs to get the marks removed. It received confirmation that the requested changes had been made from two of the three CRAs, within a couple of weeks of the request. But the third replied on 8 June 2022, to say it couldn't find the relevant records. Platform said it replied to this with extra details, and it didn't know why this CRA couldn't find the records, using the same details that were sent to the other two.

This third CRA confirmed that it had made the amendment on 21 June 2022, but said it might take seven days to show on the credit files. And Platform passed this information on to Mr and Mrs R on 22 June 2022.

I've seen Platform's internal notes, which support what it's said here – and also show, as I said in my provisional decision, that Platform did chase up the third CRA to make sure the changes were actioned. So I don't think that, as Mr R suggested, Platform didn't check with the CRAs to ensure the issue had been resolved after he told Platform there was a problem. Nor do I agree that Platform didn't tell the final CRA to fix the credit files until 22 June, when Mr R contacted Platform again. Rather, I think that Platform did act promptly to request the changes needed, and that it followed up to make sure they were actioned.

Mr R also said he felt I'd ignored evidence of searches on his and Mrs R's credit file, by Lender 2. I don't think that's right. There is evidence that this lender searched Mr and Mrs R's credit files, and I accepted that in my provisional decision. But what I said there was that this search, by Lender 2, didn't happen at the same time as they made their application to this lender. And, importantly, the search I can see didn't happen at a time when I would expect their credit files to still be affected by Platform's mistake.

The date of Mr and Mrs R's application to this lender appears to have been **23 June**. Mr R said this was turned down, because the negative marks were still on his credit file. But the only evidence we have of when this lender searched Mr and Mrs R's credit file was on **22 July** – just under a month after their application was apparently made, and more than a month from when the last CRA said that those marks would be removed within seven days.

I don't think it's likely that Lender 2 did check Mr and Mrs R's credit files in June. I don't think that search was done until late in July.

I know Platform caused negative marks to be on Mr and Mrs R's credit files in the first place. But I think it did take action to get these removed. And if the negative marks were still on Mr and Mrs R's credit files on 22 July, when Lender 2 searched those files, then that was over a month after Platform had finally received reassurances from the relevant CRA that they would be removed. If that is what happened here, then I don't think it would be fair and reasonable to hold Platform responsible for any consequences of that.

Mr R said that the reason he was turned down was because of the negative marks, and he said the email he'd sent was evidence of that. I've explained I don't think that, if those marks were still there, that's Platform's fault. And I also said in my provisional decision, that this email doesn't show that Mr and Mrs R's application to Lender 2 would otherwise have been successful.

Mr and Mrs R said the lender's affordability calculator showed it would lend them what they wanted. But that doesn't show me that, if the negative marks had been removed, Lender 2 would have been happy to give them a mortgage. We don't know if it would have raised concerns about Mrs R's two other pre-existing mortgages, which her income wouldn't cover. I set out in my provisional decision that this may have made it less straightforward for Mr and Mrs R, jointly, to obtain a mortgage. I still think that.

I understand Mr and Mrs R consider they're paying more for credit now, and the £400 in compensation I suggested doesn't come close to covering that. They've said this has to be someone's fault – because it isn't theirs.

I cannot comment here on what Mr and Mrs R have said about their alternative, that this could be the fault of the third CRA, which was apparently last to make the amendments required. It's not appropriate for me to reach any view on that, in a complaint which isn't brought against that business, and which that business hasn't had any opportunity to comment on. I have to confine my decision here to the actions of Platform. And I still think that, whilst Platform did cause Mr and Mrs R some inconvenience and quite a bit of stress, Platform isn't responsible for the higher cost of lending that they say they're paying now.

I'm sorry to have to tell Mr and Mrs R that, for these reasons, I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that The Co-operative Bank Plc trading as Platform must pay Mr and Mrs R a total of £400 in compensation. The Co-operative Bank Plc trading as Platform can count towards that amount any payment of compensation it has already made for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 15 February 2023.

Esther Absalom-Gough
Ombudsman