

## **The complaint**

Mr V is unhappy that Klarna Bank AB (publ) (who I'll call "Klarna") recorded a hard search on his credit file after he exited the application before the lending decision was confirmed.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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 don't think it was fair for Klarna to record a hard search on Mr V's credit file, but I don't think there is sufficient information to suggest Mr V experienced the sort of distress and inconvenience that merited financial compensation either.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Klarna have explained that Mr V had gone through most of the finance application and had abandoned the purchase when he was asked for more details just before the down payment was to be taken. They said that by then the hard search had been completed and Mr V had in fact been approved for credit.

But Mr V hadn't been notified of the decision at that point and hadn't been told a hard search would be recorded. As far as C was aware, he hadn't submitted a completed application for credit and no searches had been done, and I haven't seen anything to suggest otherwise.

So I don't think it was reasonable for Klarna to have reported the hard search in those circumstances and they should remove it from Mr V's credit file.

I understand Mr V would like some compensation. I haven't seen sufficient evidence to suggest he's experienced sufficient distress and/or inconvenience to warrant financial compensation and I'm therefore not asking Klarna to provide any.

## **Putting things right**

I'm asking Klarna to put things right in the way I've set out above.

**My final decision**

For the reasons I've given above I uphold this complaint and tell Klarna Bank AB (publ) to remove the hard search they have reported to Mr V's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 4 April 2023.

Phillip McMahon  
**Ombudsman**