

The complaint

Mr L complains about the assistance he received from TransUnion International UK Limited with regards to fraudulent entries and CIFAS loadings on his report. Mr L is also unhappy with the time it took to add a notice of correction (NOC), and the password being visible on his credit file.

What happened

Mr L was unfortunately the victim of impersonation through postal redirection fraud. Some fraudulent accounts were opened by different lenders, with entries added to his credit file, and a CIFAS marker was also recorded by one. In March 2022 Mr L contacted TransUnion to ask for the records of the fraudulent accounts to be removed, and for a NOC with a password to be added.

Over the next few weeks Mr L continued to chase TransUnion, and eventually raised a complaint. He also queried the removal of the incorrect CIFAS entry and the delay in adding a new 'protective registration' marker. By May 2022 the NOC had been added, and only one of the fraudulent entries remained – but Mr L was concerned the password was visible on his credit file.

TransUnion upheld Mr L's complaint and apologised for the delays in adding the NOC. But it said the password had to be visible to lenders, so they knew what answer to expect from the genuine applicant. TransUnion also didn't agree it was accountable for any delay in the last fraudulent entry being removed, as that was the responsibility of the lender. Lastly, it said CIFAS controlled the removal and adding of any of those loadings. Mr L wasn't happy with the response, so he referred the complaint to our service for review.

An investigator here considered everything and thought TransUnion needed to do more to put things right. He agreed with what TransUnion had said on most aspects of the complaint, but thought the delay in adding the NOC warranted compensation. In the investigator's view, the waiting and chasing would've exacerbated an already stressful situation, and had affected him particularly. So, to recognise that impact, he recommended TransUnion paid £150 compensation.

TransUnion didn't agree, and thought the compensation amount was excessive. So it made a counteroffer of £75 to resolve things. Mr L also didn't accept the investigator's view, and maintained the password should be 'blacked out'. As no agreement could be reached, the complaint was passed to me for a final decision on the matter.

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.

Having done so, I'm upholding Mr L's complaint in part – and for similar reasons as those given by the investigator.

It doesn't appear that Mr L is disputing the investigator's opinion that TransUnion wasn't responsible for the time taken to remove the fraudulent entries, or the issues with the CIFAS loadings. But, for clarity, I also haven't seen anything that would suggest TransUnion were at fault or caused delays in respect of either of those matters. The lender is usually responsible for what's reported on a person's credit file – and I can see we investigated that separately against the firm in question. I also agree that CIFAS would be Mr L's first port of call for any concerns he has over the removal of an entry and the loading of the protective marker.

Mr L has provided evidence from a third-party platform, which shows the passwords are redacted when the NOCs are viewed through that provider (including the password in the TransUnion NOC). But I don't consider that shows the passwords are starred out for lenders on his actual credit file, when viewed directly through the credit reference agencies – or that they should be.

The wording of the NOC says Mr L will use the password in any genuine application he makes. TransUnion's website also explains that any password added will be available to lenders so they can request it from an applicant as an extra security check. So, logically, the lender has to be able to see the password, so that when it is requested from an applicant it can know whether the answer provided is correct – and therefore be able to determine Mr L is the one making a genuine application. On that basis, I don't find TransUnion has acted incorrectly by making the password visible to lenders viewing his credit file.

I appreciate Mr L is very concerned with the security of his financial information, and I can understand why after what he went through. But, if it's any reassurance, not just anyone can view another person's credit file – and the financial service providers that do have access leave a footprint when that information is accessed. The password is one extra layer of security, but the NOC (and protective registration marker) should also prompt a lender to do thorough checks on any application to be sure it is genuine.

Turning to the compensation that's been recommended by the investigator, I consider that to be a fair amount in the circumstances. TransUnion has acknowledged it is responsible for delays of several weeks in adding the NOC. It's also clear Mr L was chasing the issue frequently during that period – out of concern that more fraud might occur. So, an apology wouldn't suffice for his wasted time and effort alone. But Mr L was also very worried about the potential reoccurrence of what he went through – and those few weeks, before some added protection was in place, would've been a very distressing wait.

Our published guidance on these awards say an apology, or a small monetary award (which we equate with an apology), might be appropriate to address mistakes which were put right quickly and caused minimal impact. I don't think that's what we're dealing with here. £150 compensation puts the award in the next range (the 'up to £300' bracket). Our guidance says that deals with smaller repeated mistakes, or a larger one off error, requiring a reasonable effort to sort – and resulting in impact felt over days or even weeks. I think that description is commensurate with what Mr L experienced in this case. Having reviewed the example case studies set out under that range, I find £150 to be the fair amount in the circumstances for the distress and inconvenience TransUnion's delays caused him.

My final decision

My final decision is I uphold Mr L's complaint about TransUnion International UK Limited, and direct the credit reference agency to pay him £150 in compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 July 2023.

Ryan Miles
Ombudsman