

The complaint

Mr H has complained that Santander UK Plc entered a default on his credit file in error.

What happened

The facts are well known to the parties so it serves no purpose to repeat them in detail here. In summary Santander incorrectly applied a default to Mr H's credit file in 2018. This led to him being declined for credit on several occasions and caused him much stress and hardship. Santander admitted its mistake and advised Mr H that it would correct the record. It offered Mr H compensation. However, Santander didn't amend the incorrect entry for some time.

Our investigator recommended that the complaint be upheld and Mr H given greater compensation. Firstly they recommended £600, with which Santander agreed. But when Santander failed to update the record and the situation remained ongoing she recommended compensation in the sum of £1500 in total.

Mr H didn't feel this compensated him for the hardship he had endured but provided no further evidence. As no agreement has been reached the matter was passed to me to determine. I issued a provisional decision on 17 May 2023 and said as follows:

Santander's error caused enormous hardship to Mr H, which it has acknowledged. Unfortunately the matter took some years to resolve – the incorrect entry was first made in 2018. But Mr H didn't find out about the entry until 2021. I'm satisfied that Mr H was declined for credit on at least three occasions. It may be there were other reasons for this, but I find it fair to conclude that the incorrect entry was likely to be at least part of the reason for the repeated failure to obtain credit.

Although Santander told Mr H his credit file was updated in October 2021, it wasn't until the summer of 2022 that the required updates were sent to the credit reporting agencies.

This ongoing period impacted Mr H – he was advised things were being sorted and they weren't. He was not able to rectify the matter himself and I accept this caused great inconvenience, distress and upset.

I'm pleased to note that the situation is now as it should be. But having regard to the fact that the error caused Mr H sustained distress over a lengthy period of time, impacting his mental health and ability to move on with his life I'm satisfied compensation is merited. I find that a total payment of £2250 is fair in all the circumstances.

I invited both parties to respond to my provisional findings. Santander agreed to make the payment to Mr H.

In summary Mr H responded that Santander's mistake had caused, and continued to cause himself and his family distress, loss and damage as it said if affects and hampers many of his plans to invest in their futures. He felt it also presented an unfair picture of his financial probity and of his reputation.

He felt that his health issues were caused by long term stress.

Mr H explained that had he been able to take a car on finance, he would have saved a considerable sum of money compared to what he was presently paying to rent a car.

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 grateful to Mr H for the evidence he has submitted. I have acknowledged the enormous hardship that this matter has caused him. It is for that reason I felt that the initial sum recommended was insufficient. I have carefully reviewed all the representations that Mr H has made.

The medical evidence he has submitted doesn't lead me to conclude that his current problem is caused by stress. The GPs clinical notes don't say that. However I do accept that Mr H has been stressed and that can impact his overall health and wellbeing.

I have considered the car rental agreement Mr H sent in. I acknowledge that there may have been a more cost-effective way for him to work as a taxi driver. But I'm not able to definitively conclude that the reason he went with the arrangement he did was because of Santander's error.

Likewise I am not able to conclude that the reason Mr H was declined for credit on several occasions was only because of Santander's error. There may have been other factors which influenced these decisions. But I acknowledge that there is likely to have been some impact, and for that I remain satisfied that compensation is due.

I recognise that Mr H will be disappointed by my decision, but I'm not persuaded by the representations he now makes that the compensation amount I felt was merited in my provisional findings should be greater. For the reasons given in my provisional decision, and adopted here, and my findings above, I'm satisfied that compensation of £2250 is fair and reasonable in all the circumstances.

Mr H should be aware that if he accepts my decision, it's unlikely he would be able to go to court to ask for further compensation.

My final decision

My final decision is that I require Santander UK Plc to pay Mr H £2250 in compensation. It may deduct from this sum the £250 already paid to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 June 2023.

Lindsey Woloski
Ombudsman