

The complaint

Mr S complains that errors by Currys Group Limited caused a third party to wrongly report two hard searches on his credit file.

What happened

In August 2022 Mr S was shopping online for a new fridge freezer, on Currys' website. He applied to buy the fridge freezer on a buy now pay later (BNPL) agreement with a third party lender, and was told on the website and by email that he had been pre-approved for a credit limit of £3,500. During this online process, he was told that there would not be a hard credit search (meaning a search which is visible to other businesses on his credit file – as opposed to a soft search, which is still reported to a consumer's credit file but is visible only to him).

The email told Mr S to take the email with him into a Currys store and to show it to the staff there. He did that later that day. Mr S describes the staff in store (the person who served him originally and also the managers Mr S spoke to later) as inept, and says that due to their incompetence they carried out two hard searches, which he later discovered had been recorded on his credit file for all to see. He was also told that he was now only eligible for £500 of credit – which was not enough to buy what he wanted – instead of the limit he had been promised earlier.

Mr S complained to both the lender and to Currys. Neither of them upheld his complaint. Currys told him that it is possible for people to be pre-approved for credit before full (hard) credit checks have been carried out, only to have their application for credit declined after a full check; Currys said it was not responsible for that. Meanwhile the lender told Mr S that a soft credit search is carried out at the pre-approval stage, but that a hard search is always necessary when an application is formally made (because lenders are required to check a customer's creditworthiness). The lender said it was not responsible if Currys had told Mr S something different in the store. Neither party addressed the complaint about multiple hard searches.

Being dissatisfied with those responses, Mr S brought this complaint against Currys to our service. He said that as a result of the hard searches, he was no longer able to get a 0% balance transfer offer from credit card providers.

While one of our investigators was looking into this complaint, Currys conceded that the hard search had probably been duplicated in store. That is to say, there had always been going to be one hard search, because the lender was always going to have to do a creditworthiness check, regardless of the pre-approval. But there should not have been two, and this was probably because of what happened in the store.

On that basis, our investigator upheld this complaint. But he did not think that there was enough evidence that the duplicate search was the reason why Mr S had not qualified for a 0% balance transfer offer, or that there had been any financial loss caused to him. He recommended that Currys pay Mr S £100 for his inconvenience, and Currys has accepted that recommendation.

Mr S was not satisfied with that decision. He provided a recent update from the credit reference agency which showed that some searches were still appearing on his credit file. He asked for an ombudsman to review this case.

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 have seen evidence that two hard searches were carried out in the store. The first hard search was part of the normal process, but it seems that nobody thought to tell Mr S that at the time. There was no need for a second one.

I accept Mr S's description of events, as I have no reason to doubt him, and also because his story is corroborated by the fact that two hard searches were carried out on the same occasion, and there would have been no reason for a second hard search if things had gone smoothly. So I accept that Currys is responsible for that.

I now have to consider what the consequences are of having not one but two hard searches recorded on Mr S's credit file, and of not telling him that there was going to be a hard search.

If Mr S had been told in store that a hard search would have to be carried out before his credit limit of £3,500 could be approved, I'm sure he would have been annoyed by that (since he thought he had already been approved for it), but I think that he would probably still have agreed to it. That is because the alternative would have been that his application would definitely be declined.

The second hard search ought not to have happened. That may have affected Mr S's credit score, but I have not seen enough evidence to prove that it is the reason why he was not able to get 0% balance transfers from various third parties. I also take into account that Mr S told our investigator in the other case that he also had a county court judgement recorded on his credit file at the time; that is likely to have been a more significant factor. Finally, Mr S has provided evidence about his credit score, and it seems not to have varied between August and October 2022, which suggests that this episode had no impact on it.

I am satisfied that all of the hard searches have now been removed from Mr S's credit file, which means that Mr S is now better off than he would have been if nothing had gone wrong, because then he would still have had one hard search on his credit file.

The reasons why I think that the searches which Mr S can still see on his recent update are soft searches (meaning that only he can see them) are as follows. Firstly, the lender asked the credit reference agency to remove them, and subsequently some searches were removed. I have seen no evidence to suggest that the credit reference agency removed the wrong ones, nor is there any immediately obvious reason why they should have done. Secondly, I have seen evidence that there used to be more searches on Mr S's credit file, which are no longer there. Those searches had "search type" codes on them of ML (for anti-money laundering) and SR (for credit application), both of which I would expect to appear when a full creditworthiness check is being carried out and the credit application is being finally processed. The searches which still remain have SQ and SE codes (for credit quotation and subsequent credit search), which I think are consistent with soft searches. Thirdly, the deleted ML and SR searches were timed at around the same time as Mr S's visit to the store.

As soft searches were part of the normal process, these would still have happened if nothing had gone wrong in the store. Also, as I've said already, soft searches do not affect a credit

score, as only Mr S can see them, so there is no detrimental effect on him by them still being there.

For these reasons, I think that £100 is fair compensation and I do not propose to increase it.

My final decision

My decision is that I uphold this complaint. I order Currys Group Limited to pay Mr S £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 July 2023.

Richard Wood
Ombudsman