

The complaint

Mr M complains Lloyds Bank PLC didn't promptly update the credit reference agencies (CRA's) once he paid off his credit card balance. And he's unhappy that after Lloyds did tell the CRA's this, one of them didn't update the balance to zero because they said Lloyds had told them there was still an outstanding balance.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements below, and they form part of this final decision.

On 15 October 2020 Mr M contacted Lloyds to complain that he'd paid off his credit card balance on 3 August 2020, but none of the CRA's were showing this. He understood this was the reason he'd been turned down for a credit card application. He asked that the balance be updated with all of the CRA's.

When checking this later, he found it'd been updated with two of the CRA's, but not a third – who I'll refer to as E. Mr M was told by E when raising a dispute about this data that Lloyds had continued to report an outstanding balance.

In January 2021 Lloyds said they'll usually update Mr M's credit file on a monthly basis, but sometimes that isn't possible and it takes a little longer. They said Mr M had paid off his balance on 3 August 2020, and they'd reported this information to the CRA's on 20 October 2020. They didn't think this was an unreasonable amount of time. They didn't know why E was still reporting an outstanding balance as they'd updated it with them, but Lloyds said they'd do another update to E to resolve this issue.

The update in January 2021 did resolve the outstanding balance issue with E, but Mr M remained unhappy and asked us to look into things.

One of our Investigators did so, but ultimately found Lloyds hadn't unreasonably delayed the original updates to the CRA's. She also found Lloyds had properly updated E, so didn't think Lloyds were responsible for the incorrect information being shown by E.

Mr M didn't accept this, so the complaint's been passed to me to decide.

What I've provisionally 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.

This complaint only addresses Lloyds' actions – E's actions are to be addressed in a separate decision.

There are two issues to address here:

- *Delay in updating the CRA's*

- *Whether Lloyds gave the correct information to E*

Delay in updating the CRA's

Lloyds have explained they'd usually update Mr M's credit file every month. Here there doesn't seem to be any dispute Mr M paid off his credit card on 3 August 2020, but as of 15 October 2020 when he contacted them, they hadn't updated his credit file.

That's around two and a half months. So, I do think there was a delay, and although it can take some time, I think it's likely this is outside of the usual timescales I'd really expect. I'll consider the impact of this at the end of the decision.

Whether Lloyds gave the correct information to E

Lloyds have said they did the updates to all the CRA's on 20 October 2020 – and as evidence of them having done this correctly, say two of the other CRA's did update Mr M's credit card balance to £0.

Unfortunately, Lloyds have said they're not able to evidence what update they sent to E.

Where information is incomplete, missing or contradictory, as some of it is here, then I need to decide what I think is more likely than not based on the information I do have.

As Lloyds can't provide evidence of them doing the update, that does immediately put them on the back foot somewhat – because they simply can't prove they did the update correctly.

And while I understand their point about two other CRA's doing the update correctly, I don't think this automatically means they updated E correctly. And the main reason I say that is because of a screenshot provided by E.

Lloyds were provided this screenshot in September 2021 for comment. The screenshot has Mr M's name, credit card number, update date and current balance amongst other information.

The credit card number matches the one Mr M is disputing, the update date is 20 October 2020, and the "current balance" is reported as "£4,328". I can't see any reason why the current balance would be reporting as that if it should have been £0 – unless Lloyds had made an error.

So, based on all the information I've seen, I think it's more likely than not Lloyds did report Mr M's credit card balance as £4,328 – rather than the £0 it was – when they did the update on 20 October 2020 to E. In January 2021 Lloyds did another update, and this did fix the balance.

Summary

Overall then, I do think Lloyds took too long to update the CRA's, and I think they did report the incorrect information about Mr M's credit balance to E.

So, next I need to consider the impact of this. Mr M has said these issues resulted in him not being accepted for a credit card application and he'd like compensation for the distress and inconvenience.

In relation to the credit card applications, I can't reasonably say in most instances that incorrect information on a credit file is likely to be the sole reason someone has been turned

down for lending. That's because there are many factors lenders take into account when deciding whether to lend or not. In addition, I can see on the credit reports Mr M has given us, that he was able to successfully take out a credit card in October 2020 – so it seems unlikely the incorrect information being reported for longer than it should have been caused those issues.

I do though think Mr M has been caused some inconvenience. He's had to raise complaints to Lloyds and E, as well as bringing the matter to our service, before it was recognised an error had been made.

Overall, I think a payment of £100 to reflect this inconvenience is a fair way to resolve matters.

Responses to my provisional decision

Mr M said:

- This complaint came out of another one where Lloyds had told the CRA's he'd passed away.
- Lloyds couldn't show they'd updated E on their systems, but we accepted they had.
- There seems to be this notion that if he hadn't contacted Lloyds on 15 October 2020 then the balance would have been updated to £0 in the normal course of business – but he doesn't believe that.
- There isn't any mention of the various disputes he raised with E about the balance, who then contacted Lloyds only to be told the balance was outstanding.

Mr M then asks if Lloyds have provided their responses to the many disputes, and also asks how the disputes process is supposed to work as it clearly failed many times to resolve this issue.

Lloyds replied and said they're prepared to offer £100 to resolve matters.

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.

Thinking about Mr M's points I think the key ones to address are points three and four. I do agree that based on what I've seen it's unlikely Lloyds would have told E to update the balance to £0 without Mr E's efforts. Although Lloyds were of the opinion they'd not done anything wrong, I didn't agree with that based on the evidence I've seen.

In relation to the many contacts Mr M had with E, although I may not have explicitly mentioned it in my findings, this was something I was factoring in when I said Mr M had to raise complaints to Lloyds and E. And Lloyds should have answered his disputes correctly, and also should have resolved the issue at the first time of asking – as that's how this process is supposed to work.

Overall, I don't think Lloyds would have updated Mr M's credit file with E without his persistence, and I do think he was caused inconvenience as a result of Lloyds' errors. I remain of the opinion £100 is a fair way to resolve matters.

My final decision

For the reasons I've explained above, I uphold this complaint and require Lloyds Bank PLC to pay Mr M £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 July 2023.

Jon Pearce
Ombudsman