

The complaint

Mr R says Equifax Limited was wrongly reporting a loan on his credit file and they did not do enough to help him resolve the problem.

What happened

On 30 June 2011 Mr R took out a loan, and this loan defaulted on 22 November 2011.

The original lender sold the loan to Company K, who then asked Company O to collect the debt on their behalf.

Mr R settled the debt in full on 21 September 2021 and says he was led to believe by Company K/ Company O that the account would no longer appear on his credit file. However, this didn't happen as the account continued to show on his Equifax credit report so Mr R raised complaints with Equifax about this.

The account was removed from Mr R's credit file on 27 September 2022 after Equifax received permission from Company K to do so.

Our Investigator did not uphold the complaint and was unable to reach a resolution between Mr R and Equifax. The complaint was therefore passed to me to consider and based on the evidence and submissions that were available to me, I issued my provisional findings to both parties on 1 June 2023 explaining why I thought Mr R's complaint should be upheld in part. Below is a summary of my provisional findings.

Summary of my provisional findings

I explained Equifax's role as a credit reference agency (CRA) was to provide a range of information for lenders and other organisations to refer to. And that CRAs were not generally responsible for the data being reported, or able to amend or remove it without the data provider's permission. So I said it was reasonable for Equifax to tell Mr R that they could not remove the information about his loan without Company K's permission.

For context, I explained it is accepted in the industry that defaults remain on an individual's credit file for six years from the date of the default. So Mr R's default should no longer have appeared on his credit file after 2017. I noted it wasn't clear what had happened with the default on the Company K loan, but for the purposes of my decision I did not need to reach a finding on this.

However, I did note that it was possible, in certain circumstances, for an account to remain open after a default was removed. The Information Commissioner's Office (ICO) – offering guiding principles about closed accounts - sets out that this can happen if further monies are still expected to the account. In Mr R's case, there was still a sum owing on the account, so in the circumstances I didn't think it was unreasonable for the account to have remained open – even after the default was due to be removed.

I also explained the ICO offered information to consumers that a closed account can remain on a credit file for six years after the account has been closed. Therefore, as Mr R's account was not settled in full until September 2021, this meant it could have continued to show on his credit file for six years from September 2021 as a closed account, unless in particular circumstances the data provider agreed to remove the account before then.

Because of this, I didn't think Equifax had been unfair to report Mr R's account until they were told not to do so by the data provider (Company K). And it also appeared that the account was being reported accurately as a settled, closed account with a zero balance and no default being reported.

As Mr R had said Company K had told him they would remove the account in November 2021, I considered if this instruction had been given to Equifax.

Equifax were unable to locate any instruction from Company K, and the oldest monthly update to Equifax about Mr R's account that they could find related to July 2021 – which noted the account as 'defaulted'. The same status was reported to Equifax for August 2021, and then in September 2021 the account was reported to Equifax as 'settled'.

I also noted a screenshot from Company K that had said the account should no longer be reported to the CRAs, but as this did not make clear whether or not an instruction was actually sent to Equifax, I was unable to place much weight on this.

I therefore concluded there was not enough evidence to persuade me that Equifax had ignored an instruction from Company K in November/ December 2021 to remove Mr R's loan account from his credit file.

I then went on to consider Equifax's responsibility to take reasonable measures to ensure information being reported via their service was accurate, and to treat Mr R fairly. In the circumstances, I said I did not think Equifax had done enough to help Mr R get to the bottom of what had happened to sort out the problem.

I noted Mr R could raise concerns with a CRA if he thought information being held about him wasn't right. And typically the CRA would then contact the lender to raise a dispute and ask the lender to investigate the concern. By asking the CRA to query any information the CRA would then be required to let the individual know within 28 days whether the entry on the file was removed, amended or whether no action was to be taken.

In this case, there was a suggestion there may have been a dispute raised in November 2021. But it was not clear what exchanges there had been between Mr R and Equifax at this time, or whether Equifax had contacted the right lender for the loan in question.

Following Mr R raising concerns in January 2022, Equifax did not raise a dispute for Mr R – which would've been a reasonable thing for them to have done – but instead Equifax let Mr R know the account was being reported with a zero balance since 21 September 2021, with no default marker showing and that the account would remain on his credit file for six years. Equifax's notes suggest Mr R was told to contact the data provider himself as Equifax could not make any changes without the data provider's permission. I thought Equifax could have done more here to help Mr R as it would've been reasonable for them to have raised a dispute for Mr R at this time.

Mr R raised the issue of the account still appearing on his credit file again in February 2022, and Equifax raised a dispute to the lender this time. Equifax also offered Mr R £50 – which he accepted – for the poor service the last time he'd contacted them about the issue. On 10 March 2022 Equifax let Mr R know they had not received a response from Company K to

their dispute, but said that having checked their records they could not see the account being reported anyway.

In May 2022 Mr R discovered the account was still being reported on his credit file, and he contacted our service on 12 July 2022. Equifax issued Mr R their final response on 6 September 2022 – around the time they raised another dispute for Mr R.

In my provisional findings I said it appeared that given reports before and after March 2022 showed the account appearing on Mr R's credit file; Equifax had not shown what they relied upon in March 2022 to say the account was no longer there; and Equifax had been unable to show any instruction from Company K to remove the account prior to September 2022, it was not clear how Equifax had been able to say to Mr R – in March 2022 – that the account was no longer being reported without the permission Equifax said they needed. I said it therefore it seemed more likely than not that the account was still on Mr R's credit file as it had never been removed. I considered the possibility that human error may have been at play here, but it did suggest Mr R was more likely than not given wrong information by Equifax about his financial standing at that time.

I addressed Mr R's concerns that he felt Equifax had not responded to him within appropriate timeframes, and hadn't taken steps to suppress the account when he believed they should have done.

Based on the evidence available to me at the time, there was not enough evidence relating to November 2021 to say if Equifax had behaved in a timely fashion or whether they should have suppressed the account at that time; in February 2022, Equifax were a few days late updating Mr R about the dispute they'd raised for him, but as they believed the account was no longer reporting, there was therefore nothing to suppress, and in September 2022, the account was removed within 28 days.

Mr R had queried why a notice of correction had not been added to his account, and I explained this was something Mr R would need to have requested Equifax to do. So I thought it would be unfair to say Equifax had done anything wrong on this point.

I noted Company O – without any admission of liability and saying regardless of which party was to blame in this matter - had offered Mr R £100, and that Mr R was looking to pursue a separate complaint against Company O.

My provisional conclusions were that it was unclear which party was responsible for not removing the account from Mr R's credit file and – while I could not comment on Company K or their representative's role in this matter – I thought it fair to say Equifax had a part to play in trying to help Mr R resolve things. And so given the time taken to adjust Mr R's credit file, and that there were times I thought Equifax could have done more to help Mr R, I provisionally concluded that Equifax should pay Mr R £100 to recognise their involvement in this matter.

I invited both parties to reply to my provisional decision with any further submissions or clarifications.

Responses to my provisional decision

Equifax replied to my provisional decision with some clarifications and further submissions.

Equifax confirmed that the dispute raised in November 2021 related to an account with a different lender on Mr R's credit file which was not reported as a defaulted account. And Equifax confirmed they had received instruction from this other lender on 16 December 2021

to remove that particular account from Mr R's credit file entirely. Equifax have provided a copy of their confirmation of this to Mr R, which they said was sent to him on 17 December 2021.

Equifax therefore clarified that the first contact they had from Mr R, relating to the Company K account, was in January 2022.

Equifax said they'd reviewed their investigation and noted that following the dispute they raised for Mr R in February 2022 about his account with Company K, they had given Mr R incorrect information about the account no longer appearing on his file. Company K said this was due to human error as it appeared their agent had checked the wrong address for Mr R. So, although the account with Company K was not reporting any adverse, Equifax accepted they could have suppressed the account from March 2022 when Company K did not respond to the dispute they raised.

In light of all this Equifax noted they'd already offered Mr R £50 for poor customer service relating to a dispute not being raised earlier – and that this has been paid to Mr R. And they said they were happy to pay Mr R a further £50 for the confusion caused in March 2022 due to their error – therefore bringing the total compensation to £100.

The further submissions above were shared with Mr R for his comments.

Mr R said he was unimpressed with Equifax's comments. He said that, for him, this matter has not been about the compensation, rather it has been more to do with how companies treat individuals. Mr R said the information Equifax were holding for him had serious implications and it was frustrating that they should simply shrug this off as an oversight.

Mr R also said he had never complained to Equifax – other than in relation to this incident, and questioned why he would keep asking them to delete something if it had already been deleted. And Mr R said Equifax's comments in relation to suppressing the account were disappointing as it suggested they had not treated his case with any seriousness until this service became involved.

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.

After reviewing the case afresh and in light of the new submissions, I'm upholding Mr R's complaint and Equifax should pay Mr R a further £50 to bring the total compensation to £100.

I say this because I think Equifax have fairly reported Mr R's account with Company K after he settled it on 21 September 2021. The information about the account was not reporting a default, and was showing a zero balance for a closed account. It was also reasonable for Equifax to continue reporting a closed account as per industry guidance, until Company K said otherwise.

It seems to me, based on all the available evidence and submissions, there may have been some confusion between Mr R's account with Company K, and a different loan account he had held with another lender. So it doesn't appear any concerns were raised with Equifax about the Company K account until January 2022. I think this now supports that there was nothing for Equifax to do in November/ December 2022 in relation to the Company K

account, and why they were unable to find any evidence of an instruction from Company K to remove it around that time. I therefore don't think Equifax could have done anything more with Mr R's Company K account in November/ December 2022.

Equifax have already accepted that in January 2022 they could have done more to help Mr R, and their offer of £50 at that time is to recognise this. Equifax now also accept that they were wrong in telling Mr R that the account was no longer showing on his report in March 2022, therefore they could have suppressed it for him at this time. And for this reason they have offered Mr R a further £50.

I've reviewed the additional submissions from Equifax and I think the offer of a further £50 is fair in the circumstances of this case. The information now showing on Mr R's credit file in relation to the Company K account was accurate. No adverse information was being reported in relation to the account and as it was a closed account it did not show as available credit to Mr R, so overall I've seen no real impact to Mr R here. There is an inconvenience to Mr R in that he has had to take additional steps to sort this out, and the last dispute Equifax raised for Mr R resulted in Company K agreeing for the account to be entirely removed from Mr R's credit file.

I understand from Mr R's most recent submissions that he is mostly frustrated with how he has been treated by Equifax, and I do understand that the need to sort out financial problems such as this one can be upsetting to deal with – particularly when the issue at hand is so important to the individual.

My findings above aren't to diminish what Mr R has said about how frustrating these events have been for him. But as I think Mr R is aware, this service can only look at the individual complaint and is not responsible for regulating, fining or punishing a business.

In the circumstances, I think many of Equifax's actions have been reasonable in this matter in terms of how they've been reporting Mr R's account, but they did have a part to play in helping Mr R to resolve his concerns, and for this reason I think the additional £50 is fair to bring the total award to £100.

Putting things right

To settle this matter, Equifax Limited should pay Mr R £50.

My final decision

For the reasons above, my final decision is that Mr R's complaint is upheld in part and Equifax Limited should settle things as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 July 2023.

Kristina Mathews
Ombudsman