

The complaint

Mrs E complains about adverse information Next Retail Limited put on her credit file in respect of a running account credit agreement she took out with it.

What happened

The background facts are well known to the parties here – so I will summarise them and focus on giving reasons for my decision.

In summary, Mrs E says that Next maintained a default on her credit file when it should have dropped off.

Next admits it made a mistake and apologised and offered Mrs E £500. Mrs E didn't think that was enough. She said that because of the mistake her family lost a mortgage deal and her partner took out a more expensive one in his sole name. She also said the whole situation has caused her a great deal of distress and impacted the wellbeing of her son who is disabled.

The matter came to this service. Our investigator thought that £900 was a reasonable amount of compensation for what had occurred here. Next agreed with this.

Mrs E indicated she would accept the £900 but also a write off of the debt she had with Next (of around £700) in addition to this. Next didn't agree.

Mrs E has said she wants an ombudsman to look at things. In summary, she said she has lost out financially due to Next's actions and that Next has blamed her mortgage broker so it can 'pass the buck' for its actions (including the impact on the mental health of her son).

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 considered the evidence put forward by the parties but I won't comment on all of it – this isn't intended as a discourtesy but reflects my role in resolving disputes informally.

Next has admitted it made a mistake in not removing the default from Mrs E's credit file when it should have and Mrs E agrees. So I don't think I need to spend time in looking into whether it did make a mistake in the first instance – I accept that it did.

From what I can see Mrs E got in touch with Next to make it aware of the issue and it then removed the default within about a week. However, it appears that about two weeks later the default was reloaded to Mrs E's credit file. Mrs E notified Next and it confirmed that it had now removed it and put in place an improved method to stop it reloading again.

All in all it appears that the time from Mrs E raising the issue to its resolution took about four weeks. During this time I am in no doubt that Mrs E (and her family) were caused considerable distress particularly as Mrs E has stated it was a time of re-mortgaging.

Mrs E has submitted persuasive evidence from the mortgage broker to show that the default from Next affected a re-mortgage application with a particular lender. Mrs E has previously stated that the losses flowing from this are going to be around £26,000 over several years.

I don't think it is fair to make an award for specific financial losses relating to the re-mortgage here because:

- Mrs E has not submitted persuasive evidence quantifying a specific financial loss through re-mortgaging – such as details of the terms of the deal applied for and the one that was eventually agreed; and
- Mrs E has not persuasively explained how it wasn't possible to mitigate any claimed loss considering Next resolved the matter relatively quickly and around 6 months prior to the expiry of the previous mortgage deal.

For completeness it is worth noting that (in any event) the new mortgage deal is said to be in Mrs E's partner's name only – which poses potential difficulties here as I am only able to make awards in respect of financial losses suffered by Mrs E who is the customer of Next and eligible complainant to this service.

Despite what I have said above I consider that compensation for distress and inconvenience is certainly appropriate here. Mrs E's correspondence to Next about getting the matter resolved clearly shows her significant frustration and distress about what has occurred. When she first contacts Next she also explains that the situation is having an impact on a mortgage application and her family, particularly her disabled son.

From what Mrs E says in her correspondence it seems that Next knew Mrs E had a disabled son before this problem. But even if that were not the case it was specifically put on notice about the impact the situation was having on him when Mrs E got in touch. Yet, as I have explained, although Next resolved the issue relatively quickly– it took longer than it should have due to it reloading the default in error yet again. This has certainly compounded and unnecessarily aggravated the situation here - causing further distress that Next at that point was aware was having a wider impact on Mrs E's family.

When thinking about appropriate compensation I take into account the scale of awards set out on our website. I note that it says an award of over £750 and up to around £1,500 could be fair where the impact of a mistake has caused *substantial distress, upset and worry*. I think that this category broadly fits the situation here because Mrs E was clearly very worried about the impact on her mortgage deal (and the possible implications about affordable housing more widely) – and extremely distressed and upset about the knock on impacts the situation was having because of the particular needs of her son and how he reacts to certain situations.

Mrs E has proposed an even higher award here. However, in deciding the award I think it is fairly tempered because although Mrs E has described the impact on her son of the stress and worry caused in the household I am not able to make an award for his distress. That isn't to say that Mrs E would not have experienced additional distress and worry by seeing the impact on her son – and I have of course taken this into account. But the award will naturally be lower here because it is only in respect of Mrs E's experience – not her son.

I also note that despite a substantial short term impact on Mrs E (and a false start and further inconvenience through the reload of the default) the situation was resolved relatively quickly overall and with what appear to be sincere apologies from Next. Based on the current evidence (and considerations I have mentioned already) it is difficult to fairly hold Next responsible for the lasting impact Mrs E has touched on here.

However, bringing this back around – the impact of the mistake on Mrs E here is certainly substantial and I am not trying to diminish that. May I take this opportunity to say that I am very sorry to hear about the struggles she has described, including those with her son and his wellbeing. I wish her family well for the future.

So, for the reasons I have given (and acknowledging that this is not a science and my role here is to resolve disputes informally) I think the £900 put forward as compensation is fair and reasonable here. While I appreciate this is not everything Mrs E wants to get in compensation it is now up to her if she wants to accept it as a way to resolve her complaint with Next.

Putting things right

I understand that Next has paid Mrs E some of the compensation already (£500) – if that is the case then it should deduct this from the amount it has to pay if Mrs E accepts my decision.

My final decision

I uphold this complaint and direct Next Retail Limited to pay Mrs E £900 in compensation (subject to any deduction as set out above).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 23 November 2023.

Mark Lancod
Ombudsman