

## The complaint

Mr A complains that TRANSUNION INTERNATIONAL UK LIMITED (TransUnion) incorrectly reported data about him on his credit file, which he says led to him not being accepted for a mortgage.

## What happened

I previously issued a provisional decision on this case. It was my intention to come to a different outcome to the Investigator and so I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my final decision.

I have copied my provisional decision below, which also forms part of this final decision.

*“Mr A says he was applying for a mortgage, and the application wasn’t accepted due to affordability and undisclosed debts. This prompted Mr A to get a copy of his credit report, to which he found that TransUnion had linked his brother’s information with him – so his brother’s financial information was showing on his credit report.*

*Mr A complained to TransUnion about this – stating that he had now lost out on a lower mortgage rate because of its error. And that the matter had caused him distress and inconvenience. Not to mention the financial losses of having to pay an increased interest rate.*

*TransUnion responded to Mr A’s complaint to say that it accepted that it had made a mistake, it removed the incorrect information from Mr A’s credit file and offered to pay him £200 to say sorry.*

*Mr A didn’t agree with how TransUnion had offered to resolve things. He provided TransUnion with evidence of his financial losses - showing the differing mortgage illustrations with different rates. TransUnion maintained that it felt £200 was fair.*

*An Investigator considered Mr A’s complaint, but they felt TransUnion had done enough to put things right. They didn’t think they’d seen enough information to persuade them that the incorrect information on Mr A’s credit file was the sole reason his application for the initial mortgage was unsuccessful. And so, they felt the £200 for distress and inconvenience was sufficient.*

*Mr A didn’t agree – and thought the evidence he provided showed that it was more likely than not that he would have been accepted for the mortgage had the incorrect information not been reported on his credit file. And so, he asked for an Ombudsman to consider the matter.*

## 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.*

*Having considered everything available to me, I intend to uphold Mr A's complaint.*

*It isn't in dispute that TransUnion were recording information on Mr A's credit file that was incorrect – so I won't be making a finding on this point in this decision. I have only considered the impact of the incorrect reporting on Mr A.*

*I can understand how frustrating it must have been for Mr A to have seen the incorrect information on his credit file – especially while he was trying to apply for a mortgage in a time where interest rates were increasing. So, I'm pleased to see that TransUnion has agreed to pay Mr A £200 to apologise for its mistake. I think this is sufficient for the distress and inconvenience he went through because of the error, and in line with this service's normal approach to a distress and inconvenience award.*

*I've thought very carefully about the financial losses Mr A says he incurred as a result of the incorrect information showing on his credit file – in that he has lost out on a better rate of interest for the term of his mortgage – and that this is as a direct result of TransUnion's mistake.*

*Generally, I don't disagree with what the Investigator said about it being very difficult to be certain the mortgage application would have gone through had the correct information been showing on Mr A's credit report – especially given the many reasons why a mortgage application might be declined.*

*For me to be able to uphold Mr A's complaint for the financial losses he says he incurred as a result of the increased rate he had to pay; I have to be more persuaded that he would have got the mortgage had the correct information been showing on his credit file. And in the circumstances of this particular case, I am currently persuaded Mr A would have got the mortgage at a better rate.*

*Looking at the illustration for the mortgage Mr A was applying for, I can see that the property valuation was £340,000, and Mr A wanted a mortgage for £124,000, to be repaid over 10 years. The interest on the loan was at a fixed annual rate of 3.84% until 30 November 2024. Given the value of the property, and the relatively low loan to value, I don't think it likely lenders would view this level of borrowing against the value of the asset to be particularly high risk.*

*I've seen a copy of Mr A's TransUnion credit report that was produced on 8 September 2022 (after he was declined for the mortgage he wanted). The report clearly includes financial information relating to his brother.*

*Showing on Mr A's report, under his name, are credit facilities for an overdraft, a credit card and a mortgage. Whereas, Mr A's brother had an overdraft, a credit card, a loan and two mortgages. Clearly both reports showing together would give any lender some concerns over the affordability of more borrowing. And the majority of the borrowing didn't relate to Mr A himself, it related to his brother.*

*I've also looked at the evidence provided by Mr A from his broker when the initial mortgage didn't go through. I can see the broker said:*

*"Following a review of your credit file it was identified that there was debts on your credit file that didn't belong to you. The lender was taking these into consideration when assessing the affordability of the mortgage and therefore it was no longer affordable.*

*I explained that this would need to be updated on your credit file to ensure the lender can proceed with your application."*

*Mr A has also provided me with a “Decision in Principle”, for the original mortgage he wanted. This shows that Mr A wasn’t accepted for the mortgage he wanted because “the loan amount is not affordable over the requested term”. But it did make an “Alternative Lending Proposal”, stating that it would lend Mr A £112,000 over a term of 12 years.*

*Based on everything I’ve seen here; I’m currently persuaded that Mr A lost out on a lower mortgage rate as a result of the incorrect information TransUnion was reporting about him on his credit file. I say this because there is clearly a lot of other borrowing showing on Mr A’s credit report that didn’t belong to him, which would have affected the lenders affordability assessment. But even with this information showing, the initial lender was still prepared to lend to Mr A – and only slightly less and over a slightly longer term than he’d wanted.*

*By the time TransUnion had removed the incorrect information from his report, the mortgage he wanted was no longer available and so he applied for another mortgage. I have seen a copy of a mortgage offer to show that he was accepted for this mortgage. The lender wasn’t the same as the previous, so I accept that they would have both had different lending criteria. But I think the fact that he was declined for a mortgage on the basis of affordability when he had his brothers’ information showing on his credit file and once it was removed, he got a mortgage offer for the next best available terms, only adds to the evidence persuading me Mr A has lost out as a direct result of what TransUnion did wrong.*

*Taking all of the above into account, on balance, I think it more likely Mr A would have got the mortgage he wanted, had the incorrect information not being reported on his credit file. When Mr A was accepted for a mortgage with a different lender, the terms remained similar, except the interest rate was higher at 4.27%. So, I’m satisfied that Mr A did end up having to take out another mortgage at a higher rate. And I think TransUnion should compensate Mr A for the financial loss he’ll incur over the term of the fixed rate.*

#### *Putting things right*

*I currently agree that Mr A has lost out as a result of what TransUnion has done wrong, so I’ll now consider how TransUnion can, as closely as possible, put Mr A back in the position he would have been in had he got the first mortgage.*

*I’ve had a look at Mr A’s calculations as to what he thinks he’s lost out on, and while I agree with some of his calculations, I don’t agree with all of it. For example, Mr A wants TransUnion to compensate him for the difference in the higher first payment he made towards the mortgage (compared to what the illustration says he would have paid on the lower rate mortgage). But having read the initial lenders current mortgage terms and conditions, the first monthly repayment is calculated in the same way as the mortgage he got. So, I think it likely that even if he had been accepted for the first mortgage, he still would have had to pay more in the first repayment.*

*With most mortgages, the first monthly repayment is higher than those that follow – this is because interest is calculated on a daily basis and applied monthly – so the first repayment would include more than a months’ worth of interest. What this means is that Mr A would likely to have still needed to pay more than a month’s worth of interest on the first repayment he made towards the mortgage he wanted. I accept that the illustration doesn’t explain this, but this is because it’s an illustration and not an offer. The general mortgage terms and conditions for that initial lender do explain that the first repayment would likely be higher. So, I won’t ask TransUnion to compensate Mr A for the whole difference in the first monthly repayment – but I will consider the difference in interest.*

*When calculating the difference in interest, and what Mr A has lost out on, I think the fair*

*thing to do is work out the difference in the monthly repayments – which is £20.87. Both mortgage products suggest that the fixed rate would apply for around two years and two months – so I've calculated the difference in repayments for 26 months instead of 24 months. This also takes into account that Mr A would likely have made 24 repayments at £1,246.03, and one that would likely be higher due to it taking into account interest for more than a month. To be fair to Mr A, I've rounded the number of repayments up to 26.*

*I've also taken into account that the initial illustration says Mr A would get cashback of £300, whereas the mortgage he got, the cashback was £250.*

*I have noted that Mr A has sent an invoice for £120 for a fee that his new lender had charged him – relating to leaseholder charges. I haven't seen any evidence persuading me that the original lender wouldn't have also charged this fee. So, I won't be asking TransUnion to reimburse this.*

*So, I intend to order TransUnion to put things right by paying Mr A:*

- £542.62 – this is the amount Mr A has lost out in the difference in interest over a fixed term period of 26 months. And;*
- £50 – the amount Mr A has lost out on cashback*
- £200 – it will need to pay Mr A what it offered to pay him for distress and inconvenience if it hasn't done so already."*

### **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.

Both parties responded to my provisional decision to say it had nothing further to add. And so, I see no reason to depart from my findings in the provisional decision. It follows that I uphold Mr A's complaint.

### **Putting things right**

I to order TransUnion to put things right by paying Mr A:

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- £50 – the amount Mr A has lost out on cashback
- £200 – it will need to pay Mr A what it offered to pay him for distress and inconvenience if it hasn't done so already.

### **My final decision**

For the reasons set out above, I uphold Mr A's complaint. I order TRANSUNION INTERNATIONAL UK LIMITED to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 August 2023.

Sophie Wilkinson  
**Ombudsman**