

## **The complaint**

Mr W complains that Clydesdale Bank Plc, trading as Virgin Money, has recorded incorrect data to credit reference agencies which has affected his credit score.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them here. Instead, I will focus on giving the reasons for my decision.

## **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 realise this will come as a disappointment to Mr W but having done so I agree with the conclusions reached by the investigator for the reasons I've outlined below.

I trust Mr W won't take it as a discourtesy that I've condensed the complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it to reach the right outcome.

Mr W paid off his balance transfer in July/August 2022. He didn't use the account again until May 2023. Virgin Money recorded the account as dormant with the credit reference agencies. Mr W has disputed this. He believes this marker doesn't accurately reflect the account. He said he still had access to the account including the full credit amount. He said maintaining the account irrespective of whether he's spending is still a credit history. He said the dormant markers have affected his credit score negatively. And two credit reference agencies have recorded this as missing information. He said a reporting of "0" is still accurate but wouldn't impact his credit score in a negative way.

Lenders are required to report accurate information to credit reference agencies. Virgin Money has said that after a period of inactivity lasting a minimum of three months it applies an inactivity flag to the account which in turn reports the account as dormant when it reports to the credit reference agencies.

There is no predefined time limit of inactivity for an account to be marked as dormant. The amount of time set by Virgin Money is part of its internal policy. We don't have the power to tell a bank how it develops its internal policies. That's a matter for the regulator, the Financial Conduct Authority (FCA). So I'm not persuaded that Virgin Money has reported inaccurate data to the credit reference agencies.

Mr W has said the recording of his account as dormant has had a negative impact on his credit score. Individual credit reference agencies will have different formulas to calculate their credit scores. And these calculations will include many variables. When lenders

evaluate applicants' credit files they also have their own way of evaluating credit risk, this may include but is not limited to the credit score. Again these calculations will weigh up many different variables. And while it is a possibility it's not necessarily the case that a lender would view a dormant or unused account negatively.

I haven't seen a copy of Mr W's full credit file, though I have seen screenshots of his score that he provided. So I don't know how many credit card or loan accounts Mr W has. In its final response letter Virgin Money has said Mr W told it he had three current accounts and 12 credit card accounts including another account with Virgin Money. If this is the case then it can't be assumed that the recording of dormant on Mr W's first credit card account with Virgin Money is the root cause of his credit score dropping. With 15 accounts there could be many reasons why Mr W's credit score has dropped.

Mr W has said currently his credit card history is not reflecting correctly. He said while the credit reference agencies may have their own way to interpret dormant markers it is still the responsibility of Virgin Money to make sure his credit file is accurate which it is not currently - it has 4 months of missing data.

Virgin Money's responsibility is to report accurate information to the credit reference agencies. And I'm satisfied it has done this. If Mr W remains unhappy with the way that information has been recorded by the credit reference agencies, including if it's recorded as "no data" he is of course able to bring a complaint to them. I do understand Mr W's frustration and his obvious concern that this would mean complaints to credit reference agencies and possibly to this service. But my role with this specific complaint is to look at the actions of Virgin Money only. And I'm not persuaded it has made an error.

If Mr W remains unhappy with how information has been reported by the credit reference agencies he can bring complaints against them. It may also be possible for him to add a Notice of Correction to his credit file. A Notice of Correction is a short note explaining why certain information is on their credit file and would be visible to prospective creditors.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 February 2024.

Maxine Sutton  
**Ombudsman**