

The complaint

Mrs S complains Bank of Scotland merged her records with another customer's, so that incorrect information reported on her credit file.

What happened

In early 2021 the limit on Mrs S's credit card with Bank of Scotland was lowered. When she asked why she was told the amount of borrowing accrued elsewhere was a reason behind the decision. Mrs S knew she didn't have other borrowing, so checked her credit file. One of the Credit Reference Agencies (CRAs) was reporting accurately, but the others showed multiple incorrect entries – including large debts with other lenders and balances with utilities companies, seemingly for someone else. One of the entries was for a credit card with a firm in the same group as Bank of Scotland. Mrs S had previously held an account with that firm, but hadn't for many years – I'll call that lender 'M'.

A complaint was raised with Bank of Scotland, who initially paid £80 compensation for the trouble she had raising the concerns, and the length of time taken to respond. It also paid for three months of credit file access. Bank of Scotland's response said it accepted that Mrs S had been mistakenly associated with another person with the same name – and so her data with the CRAs was merged with that other individual. But the bank said it wasn't able to fix the problem without getting a full copy of Mrs S's credit file, which it said she hadn't provided following requests.

Mrs S says she tried to get the bank what it needed, and spent a long time liaising with the CRAs. But they had problems providing her with a full report, and what they did provide didn't show the 'source' information Bank of Scotland was looking for. Mrs S made several trips to branch to pass on what information she had, and spent hours on the phone in an attempt to get the link removed. She also made enquiries with the other companies that were incorrectly showing accounts on her credit file – and spoke to the police, believing she could be the victim of identity theft. Complaints were raised with the CRAs, and M too.

As no fix for the problem was found, Mrs S referred the matter to our service for review. She explained the worry about the credit file errors had significantly contributed to her being unwell and needing to take a couple of months off work. Mrs S also told us she'd spent hours, across many months, trying to sort it – but to no avail – and was worried it might never be resolved.

While the complaint was with us, M told Mrs S it was responsible for the merging of the data. M offered £300 compensation in its final response, and said the problem would be rectified within six weeks. Mrs S didn't accept that offer, and when the problem wasn't sorted within the promised timeframe she also brought that complaint to our service. However, following enquiries with the CRAs, it was confirmed the erroneous link between Mrs S and the other individual had in fact been established by Bank of Scotland.

In April 2022 Mrs S was in contact with Bank of Scotland to try and get a temporary limit increase on her credit card. Before the problems, she used the card for visiting family abroad and her own property in Spain. But the pandemic and the lower limit had meant she hadn't

been able to travel. Mrs S was initially told an increase wasn't possible, but during the call it was discovered the link had been removed a couple of months earlier and her credit file had been restored. The bank was subsequently prepared to offer an increase to her credit limit, but Mrs S was frustrated she hadn't been told things had been sorted.

One of our investigators thought the impact of the credit file issues on Mrs S had been significant. It had taken over a year to sort, and she'd wasted a lot of time speaking with the different companies involved. The investigator was satisfied Mrs S had been very worried about the link, and that it had been a big factor in her having to take time off work. In his view, the lower credit limit had also affected her ability to see family and visit her property abroad. The investigator initially recommended £600 compensation, for the distress and inconvenience caused – but later increased that to £1,000.

Bank of Scotland agreed to pay the increased compensation amount suggested by the investigator. Mrs S didn't think the offer was enough, and said a far higher figure would be needed to fairly reflect what she'd been through. As no agreement could be reached, the matter was passed to me for a final decision on the complaint.

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.

Having done so, I'm upholding Mrs S's complaint – and I find the amount now offered by Bank of Scotland (£1,000) is fair compensation in the circumstances.

I know Mrs S feels strongly that more should be paid more by the bank, so I appreciate my decision will come as a disappointment to her. I want to reassure Mrs S that I recognise the mistake seriously affected her over a prolonged period – and I've thought carefully about how Bank of Scotland should put things right, in the context of our published approach to these awards. I must also acknowledge I've summarised what happened in far less detail than has been provided to me, and in my own words. No discourtesy is meant by that, nor is it my intention to minimise what Mrs S went through – instead I've had our service's informal remit, and her anonymity, in mind.

I'm pleased the issue has now been resolved, and Mrs S was able to get her credit limit restored. It took far too long for that to happen, and cost her a significant amount of time and worry. In the end, it seems Bank of Scotland didn't need the source information from her credit file it had been waiting on – the link was able to be deleted after enquiries were made with a CRA (via M). I've seen no reason why that couldn't have happened soon after Mrs S first made contact with the bank about the problem. I appreciate Bank of Scotland didn't know it was definitely the cause or what to do to fix things initially, but it's still responsible for the impact resulting from the mistake.

When thinking about what fair compensation looks like, I've factored in the main detrimental impacts resulting from the bank's errors. Those, in summary, include:

- The initial shock and embarrassment at finding out her credit limit had been lowered, purportedly due to how she was managing lending elsewhere.
- The frustration at being told (at first) the debts must be hers, and that these sorts of mistakes don't happen. Mrs S says she was made to feel like a liar, and was very distressed during these calls.

- The worry about potentially being the victim of identity fraud, resulting in Mrs S going to the police and contacting the other person her information was merged with. She says the prolonged stress of the situation contributed to her being unwell and taking time off work.
- The hours of wasted time and effort spent speaking to the different companies involved, and trying to resolve the problem (for over a year). That eventually turned into frustration and worry it may never be resolved.
- The annoyance at discovering it had been fixed, without any update from the bank.
- Not being able to use the credit card to secure flights or a rental car when abroad, due to the lower limit – and being unable to get credit elsewhere. She says that hampered her ability to visit her family or her property abroad for a period of time, though some of that was pandemic related.
- Having to delay applying for a new mobile phone contract, for fear of being declined due to the adverse credit file information.

Putting things right

As the underlying issue has been fixed, all that remains to decide is what level of compensation is needed to fairly resolve the complaint. For context, we publish guidance on our website – in the form of ranges of compensation amounts with corresponding descriptions and case studies – to help businesses make offers that are consistent with our approach.

Bank of Scotland has previously paid £80 to Mrs S in compensation, and has since increased its total offer to £1,000. It also paid £44.97 in expenses to cover three months of credit file access – but that was a financial cost incurred as a result of the mistake, so it's not included under the total compensation offer for distress or inconvenience. That would leave £920 to pay to bring the total to £1,000.

That amount sits in our award range covering situations where *"the impact of a business's mistake has caused substantial distress, upset and worry – even serious offence or humiliation. There may have been serious disruption to daily life over a sustained period, with the impact felt over many months, sometimes over a year"*. I've looked at the case study examples given under that range in our guidance – and they detail equally serious scenarios, that impacted people for similar lengths of time. In those examples a significant sum was also warranted (an award of this level for distress or inconvenience is certainly among the higher amounts we see).

I think the description I quoted above from our published guidance is commensurate with the impact Mrs S experienced. So I consider an offer in that range is also needed here to put things right. But, it's important to recognise that while the information on our website serves as a guide, the impact of the mistakes here will have been particular to Mrs S and her circumstances. That means fair compensation will also be specific to the complaint.

Following the recent re-evaluation by the investigator, and the bank's agreement to pay the increased figure to emphasise its apology, I find the compensation offer is now reasonable in the circumstances. So, Bank of Scotland should pay Mrs S an additional £920 to bring the total to £1,000 overall.

My final decision

My final decision is I uphold Mrs S's complaint, and direct Bank of Scotland to settle things by paying compensation in line with what I've set out above (£1,000 – less any amount already paid for distress or inconvenience).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 14 March 2024.

Ryan Miles
Ombudsman