

## **The complaint**

Mr H complains that Clear Score Technology Limited trading as ClearScore didn't conduct proper checks which then allowed an unauthorised third party to gain access to his credit file.

## **What happened**

Mr H requested a credit report from a credit reference agency (CRA) I will refer to as E and noticed weekly searches by ClearScore that he didn't recognise. Mr H contacted E and it told him that he'd opened an account with ClearScore.

ClearScore told Mr H that in 2018 an account had been opened in his name. It said that the account had only been logged into twice – both times in May 2018 when it was created.

Mr H confirmed that he never opened an account with ClearScore so it locked the account and marked it as fraudulent. ClearScore offered Mr H £50 compensation for any distress caused.

ClearScore subsequently increased its offer of compensation to £150 as it recognised there were delays when communicating with Mr H after he'd visited its offices.

Our investigator didn't think ClearScore was to blame for the third party gaining access to Mr H's credit report. She said the third party appeared to already know enough information about Mr H to answer the security questions that E had supplied to ClearScore.

Our investigator thought ClearScore's offer to pay £150 compensation for any failure in communication was fair.

Mr H wasn't happy with the investigation outcome. He thinks ClearScore should have asked for photographic identification before opening the account. He also thinks it should have sent a letter in the post confirming the account had been opened.

Mr H thought some of the information received on opening the account was wrong. He wanted ClearScore to provide details of the security questions that it asked the third party. Mr H was also unhappy that after saying it would refer the matter to Cifas and Action Fraud, ClearScore failed to do so and instead asked him to make the referral. And Mr H didn't think £150 fairly reflected the inconvenience and upset caused to him.

Our investigator explained that it was E and not ClearScore which set and supplied the security questions and that ClearScore didn't have a record of the exact questions and answers given as part of the account opening process. She also said that ClearScore told Mr H in its final response that its offer to file his case with Cifas and Action Fraud still stood.

## **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 that I have summarised this complaint in less detail than the parties and I've done so using my own words. I have also concentrated on what I consider to be the key issues. The rules that govern the Financial Ombudsman allow me to take this approach. But this doesn't mean I have not considered everything that both parties have given to me.

At the heart of Mr H's complaint is that he thinks ClearScore didn't conduct adequate checks before allowing the third party to open an account. Mr H thinks it should have asked for evidence to verify his identity and then sent confirmation of the account by post. Given the fact an unauthorised third party was able to open an account in his name, I can understand why Mr H feels this way. However, ClearScore doesn't routinely ask for proof of identity if the individual correctly answers the security questions – as the third party did in Mr H's case.

It is not for us to tell ClearScore what processes it should use when a customer signs up for an account – that role would fall to the regulator. My role is to look at the problem faced by the consumer, and in his case, see if ClearScore has done anything wrong. If it has, I look to try and put the consumer back in the position they would've been if the mistakes had not happened. And I may award modest compensation if I think it's fair and reasonable.

ClearScore says that before opening the account, it asked a series of security questions based on the past 6 to 10 years of Mr H's financial information held by E. These questions were supplied by E, rather than ClearScore itself. ClearScore says the third party gave the correct answer to every question it asked and I don't have any reason to doubt what it.

I don't know how the third party came to know enough about Mr H's financial history to pass the registration process but I've seen nothing to suggest ClearScore was at fault for this.

I am sorry that around the time the third party opened the account with ClearScore Mr H became the subject of attempts to open up credit in his name. He says he was also receiving frequent contact from unknown parties who had obtained his details from somewhere.

Although Mr H didn't lose out financially because he was able to prevent things going further by contacting the lenders involved and making sure other parties stopped contacting him, I can understand the concern and inconvenience this must have caused. But as I don't think ClearScore acted unfairly when it opened the account in Mr H's name, I don't require it to compensate him for the problems he faced.

ClearScore has offered to pay Mr H £150 to apologise for any delays in its communication with him after he complained about the opening of the account and I think this is fair. I don't find ClearScore made a mistake which then led to the account being opened by the third party. So, I don't require it to pay more than the £150 it has already offered. I'm sorry if this comes as a disappointment to Mr H.

ClearScore is regulated by the FCA and registered with the ICO. So, if Mr H remains concerned with ClearScore's account opening process or the fact that a third party was able to open an account in his name, he would have to take these concerns up with the FCA and/or the ICO.

Finally, ClearScore's offer to file details of Mr H's case with the fraud prevention service Cifas and Action Fraud remains open. If Mr H wants to accept this offer, he should contact ClearScore.

### **My final decision**

ClearScore has already made an offer which I think is fair. So, if it hasn't already done so, my final decision is that Clear Score Technology Limited trading as ClearScore should pay

Mr H £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 May 2024.

Gemma Bowen  
**Ombudsman**