

The complaint

Mrs J's complaint is that Scottish Widows Limited incorrectly linked her address to an unrelated third party, as a result of which adverse data was registered against her.

Mrs J says that, as a result, she has suffered loss and detriment.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, Scottish Widows has acknowledged an error was made. Therefore I don't need to analyse the events in detail in order to establish whether or not a mistake has been made. All I need to decide is what should be done to put things right.

Finally, our decisions are published, so it's important I don't include any information that might lead to Mrs J being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Scottish Widows does not dispute that Mrs J's name, birthdate and address were incorrectly linked to a third party. As a result, accounts held by that third party with other businesses in the same banking group as Scottish Widows were also incorrectly linked with Mrs J. This issue first came to light in August 2022, and wasn't resolved until February 2024.

Mrs J says she wasn't able to get a mortgage in 2022, and that her new mortgage application, begun in November 2023, was also affected. Mrs J said that she didn't receive her new mortgage offer until March 2024.

After complaining to Scottish Widows in 2023 compensation of £450 was paid, and in addition Scottish Widows covered Mrs J's expenses of £622. However, Mrs J remained dissatisfied and brought her complaint to our service. Mrs J said that she'd lost out on a mortgage because of Scottish Widows' actions.

An Investigator looked at what had happened. He noted that this had been a long-running issue that Scottish Widows had seemed incapable of resolving. In addition to the compensation already paid, the Investigator thought Scottish Widows should pay Mrs J an additional £1,000 for the distress and inconvenience she'd been caused. The Investigator also wanted Scottish Widows to find a way to ensure this issue didn't recur.

Although the Investigator noted Mrs J's arguments concerning her mortgage, he wasn't persuaded that Scottish Widows should be responsible for the additional rent Mrs J had paid before she had her mortgage offer.

Scottish Widows argued that another business in the same banking group had also paid compensation to Mrs J, in addition to the compensation it had paid. The Investigator explained that the businesses were separate.

Scottish Widows agreed to pay the £1,000 compensation, but when Mrs J asked for an Ombudsman to review the complaint, Scottish Widows then withdrew its agreement.

It therefore falls to me to make a final decision on this 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.

As I said above, Scottish Widows has already acknowledged that it made an error in linking a customer with the same name and date of birth as Mrs J. Whilst this was down to human error, it seems that Scottish Widows lacked an appropriate system to verify the information it held, or to ensure it didn't confuse two separate customers. I can't tell Scottish Widows how to run its business. It's a matter for the Financial Conduct Authority and the Information Commissioner to ensure Scottish Widows' systems in relation to the handling and storage of customer data are fit for purpose.

I'm not persuaded that there is sufficient evidence to show Mrs J's mortgage application in 2022 would have gone ahead but for the error by Scottish Widows. I also note that, after starting a new mortgage application in November 2023, a mortgage offer was issued in early March 2024. That isn't an inordinate amount of time for a mortgage application to go through. I'm therefore not persuaded that Scottish Widows is responsible for any additional rent Mrs J had to pay whilst her mortgage application was being processed in 2023/2024.

However, I'm satisfied that the error made by Scottish Widows – which took eighteen months to resolve – caused Mrs J considerable upset, distress and inconvenience.

Putting things right

I note Scottish Widows has argued that compensation paid by another business should be taken into account when considering what should be done to put things right in relation to this complaint. However, that other business is completely separate from Scottish Widows, and it paid compensation to Mrs J for its own errors.

I'm satisfied that, in addition to the £550 compensation and £622 in expenses Scottish Widows has already paid, a further payment of £1,000 for the long-running distress and inconvenience caused to Mrs J should be paid. This is proportionate to the length of time taken to resolve the issue, and takes into account that Mrs J was told the situation had been rectified, when it had not.

My final decision

My final decision is that I uphold this complaint. In addition to the compensation already paid, I direct Scottish Widows Limited to pay Mrs J compensation of £1,000.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 17 September 2024.

Jan O'Leary
Ombudsman