

## **The complaint**

Ms K complains that Barclays Bank UK PLC incorrectly recorded information on her credit file and she's lost out as a result.

## **What happened**

It isn't disputed that Barclays incorrectly recorded incorrect information on Ms K's credit file at different points. Barclays provided a number of final responses on this matter, accepting it made an error and when it corrected this, it paid Ms K compensation for the impact caused. In total it has paid £1100 in compensation for the distress and inconvenience.

Ms K doesn't think this is enough to compensate for the impact of the error. She says she was attempting to release equity from two separate buy-to-let properties she owns with a new mortgage on each. The purpose of this equity release was to allow her to purchase a new residential property. She says the impact of the information being on her credit file meant the applications for this borrowing was declined.

Ms K has said she was later able to secure a mortgage on both properties with the same lender who had initially declined the application because of the incorrect information on the credit file. This was after the incorrect information had been removed and she was able to fulfil its criteria to lend. But she's lost out with the interest rate on the borrowing increasing, the total borrowing offered being reduced and a number off associated costs incurred as part of the process. She has also lost out on securing the new property she hoped to purchase with the funds.

Our investigator looked at this complaint and didn't think Barclays needed to do anything else. He felt the compensation paid for the distress and inconvenience was fair as it was in excess of what he might have awarded for this impact. He didn't think Ms K had provided Barclays with the opportunity to consider the additional financial loss she said she suffered as a result of the error. He felt it would be fair for it to be able to consider this before this Service could decide on it as Barclays was entitled to have sight of this first. Because of this, he didn't recommend that Barclays do anything else as he thought the outcome reached, with a focus on the award for distress and inconvenience, was fair.

Ms K disagreed with the investigators view. She didn't think they had taken account of the information she had provided. She felt she had demonstrated there was a clear link between the applications she was making being declined because of the error made by Barclays. And with this in mind, it was fair that it should compensate her for the financial loss as a result.

Our investigator's opinion remained unchanged and so the complaint was passed to me for decision.

I felt it was fair to ask Barclays to consider the financial loss Ms K said she had incurred as a result of incorrect information being recorded on her credit file. As regardless of whether this had been considered before, it was very much part of this complaint and correct that it is dealt with as one. Ms K provided information to us which she felt demonstrated the loss she had incurred as a result of the negative information with completed mortgage applications

now taken out that she said were previously declined because of information on her credit file.

Barclays reviewed the information but doesn't believe it needs to do anything differently. It raised questions over the illustrations produced in August 2022 and the completed mortgage offers from September 2023. It highlighted it wasn't clear whether the applications were being made in Ms K's sole name or in the name of a business. And it questioned whether a formal application was made in August 2022 and why there was such a delay between this application and the later ones which were successful. It has also questioned the fees that Ms K has asked to be paid in relation to the aborted property purchase.

Ms K confirmed the two mortgages on her two properties were provided by the same lender. For property A, the mortgage was provided in the name of a company with a mortgage of £456,750 provided at a rate of 5.34% fixed for five years. Property B had a mortgage provided in Ms K's name of £416,150, also on a fixed rate of 5.34%, fixed for five years. She was using the funds to purchase a new property for her residential home and had found a property with conveyancing taking place for the purchase. When the mortgage funds couldn't be obtained because of the applications being declined, she lost this property and what she had spent on the conveyance process ahead of this.

I issued a provisional decision on this complaint on 25 March 2024, setting out why I felt it was fair that Barclays was responsible for some of the losses Ms K said she incurred as a result of the incorrect reporting on her credit file. I've set out what I said below:

*I am planning on upholding this complaint and will explain why I think Barclays needs to do more to put things right. Although I accept Ms K may still be disappointed as I don't think it is fair and reasonable to ask Barclays to cover all of the costs she is claiming.*

*It isn't disputed that Barclays recorded incorrect information on Ms K's credit file and it has offered to compensate Ms K for the distress and inconvenience of this. But it has stopped short of covering the costs Ms K says she's incurred as a result of this. So I've focused on why I think it is fair for Barclays to cover some of these.*

*I think it can be demonstrated that, but for Barclays actions in recording information on Ms K's credit file incorrectly, it is likely she would have completed borrowing applications she made which she said were declined because of the incorrect information recorded on her credit file.*

*However, it is important to note that the applications were not both made in Ms K's name. Ms K has two properties that she says she was raising money against, property A and property B. The borrowing for property A was applied for and taken out in the name of a limited company. As such, the limited company is a separate entity in its own right and not party to this complaint. Nor has a complaint been made on behalf of the company to Barclays about any potential loss it has incurred. Based on this, I am not able to comment on this application and whether this was impacted by the actions of Barclays and the incorrect information on Ms K's credit file.*

*Ms K has provided information from her broker to confirm the mortgage she was applying for with property B was in August 2022. This shows she was applying for an interest only mortgage of £440,000 with a fixed rate of 4.88% for a period of five years. The illustration was provided as the indicative rate available with the lender at this point and the application was submitted on this basis.*

*The application was declined because of the negative information on Ms K's credit file. The lender said it could not move forward with the application until the credit file was corrected.*

*Based on this, I am satisfied the reason for the decline was the incorrect information recorded on Ms K's credit file.*

*Ms K's credit file was amended soon after the application had been made and in October 2022, Ms K asked whether the application could be continued at this point. The previous rate was not available and these had increased significantly because of the "Mini Budget" announcements in late September 2022 and the indicative total borrowing was much lower than previously available. Ms K was also concerned about Barclays ongoing issues with her credit file and she paid of the balance on her buy-to-let mortgage with it. The application for property B was stopped at this point because of these concerns.*

*Ms K reapplied for the borrowing in June 2023 and said the mortgage was completed in August 2023 with this being on the higher rate of 5.34% with a borrowing total of £416,100 on an interest only repayment. So she is paying 0.46% more interest for the borrowing than she would have, had the application completed previously.*

*As I've said, I am persuaded that the application made by Ms K in August 2022 was declined because of the information on her credit file. It cannot be determined if something else might have impacted the application with the lender. But as the same lender provided the borrowing in June 2023, I think it adds weight to the fact that it is likely that but for the information on Ms K's credit file in 2022, the mortgage application would have been successful. And when Ms K secured the new mortgage at the higher rate, there is a financial cost directly associated to this previous decline.*

*Ms K has also said she incurred associated costs as a result of the mortgages not being completed sooner. She has provided invoices from solicitors for work completed on a property she was hoping to purchase with surveyor costs for surveys and valuations completed on this property.*

*I understand why Ms K believes these are costs she has incurred as a result of the mortgage with property B not being completed. I've thought about whether it would be fair to ask Barclays to cover these costs in addition to the difference in interest I think it will need to cover.*

*Ms K proceeded with the conveyance for her proposed new property before she had a mortgage offer in place. Although she had been provided with the indicative borrowing illustrations, no formal offer had been made and she was told on 5 September 2022 that the application had been rejected. I appreciate it was clear Ms K's broker was working with the lender and had confirmed the issues with the information Barclays had recorded on her credit file was being looked into, but there was no guarantee at this point she was going to be able to secure the borrowing for her new property. And she took the action she did to carry on with the conveyancing with this knowledge.*

*The invoice Ms K has provided for the legal fees she's incurred doesn't breakdown when the work was undertaken or completed, but is dated 28 November 2022, so sometime after Ms K was aware of the mortgage not having been approved. And with this in mind, I don't think it is fair to ask Barclays to cover the cost incurred as a result of this.*

*This complaint has clearly had an impact on Ms K resulting in distress and inconvenience. In total Barclays has offered £1100 in recognition of this. Ms K feels this is someway short of where the award should be.*

*Mistakes can and do happen and the compensation is not intended to put this right, the redress for the consequential loss on the increased borrowing does this. It is to acknowledge that the distress and inconvenience is beyond what would reasonably be expected when an*

*error takes place and the impact of this.*

*Ms K feels the actions of Barclays have resulted in her losing the opportunity to purchase a new property. And she's also experienced the distress of her borrowing costs increasing over a period of time because of the incorrect recording of negative information on her credit file.*

*I understand how upsetting it can be losing a property, especially if a search has been ongoing for some time to find one. It is right that this is recognised with the award for distress and inconvenience. But I agree with our investigator that the overall award offered is a fair and reasonable one, in line with what I'd expect to see for an error of this nature. It acknowledges the significant distress and inconvenience experienced as a result of this issue and the loss of expectation when Ms K has been unable to continue with the purchase of a property she hoped to buy.*

### **Putting things right**

*As I've explained, I am persuaded that but for the actions of Barclays recording incorrect information on Ms K's credit file, it is likely her mortgage application with her lender for property B would have been successful.*

*When the lending was later provided at a higher rate, Ms K has lost out by needing to pay more for the borrowing than she would have done. And it is fair that Barclays cover the additional cost of this borrowing.*

*Barclays will need to refund Ms K the difference in what she will pay in interest for her mortgage on property B compared to the rate available in August 2022 when comparing the fixed rate of 4.88% and 5.34% - with a difference of 0.46% in the following way:*

- For any payments already made, Barclays should refund Ms K the difference on what she has paid already to her new mortgage at the higher rate and include simple interest on this refund of 8%.*
- If it deducts tax from this interest payment, it will need to, upon request of Ms K, provide a statement confirming any deductions made.*
- For all future payments after the point of the refund above, up until 1 August 2028, it should pay Ms K the difference in interest she will pay on the borrowing.*
- If it has not already done so, Barclays will need to pay Ms K the £1100 it has offered in compensation for the distress and inconvenience of this complaint.*

Ms K responded to the provisional decision to explain that she felt the company and its borrowing was affected by the actions of Barclays and reporting on her credit file. So she felt this should be considered under this complaint.

Barclays responded and asked to see the evidence relied on when determining the reason for the previous declined applications was because of the incorrect information it had reported on Ms K's credit file. It didn't disagree with the proposed outcome but asked to see this before it could confirm it agreed.

### **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've reconsidered this complaint and the additional comments made by both sides. Having done so, I see little reason to depart from the provisional decision I set out above.

I appreciate Ms K feels the borrowing taken in the name of her company was affected by the incorrect reporting on her credit file. It may be this has been, but as I explained in the provisional decision, the company is an entity in its own right and any complaint about losses the company may have incurred will need to be raised with Barclays in the first instance as a separate complaint. I can't see this has been done previously and as a result, I am not able to consider this within this complaint.

Overall, my decision remains that I think Barclays incorrect reporting has led to Ms K losing the opportunity to complete borrowing on her property, property B. The delay with this meant she's paid more for the borrowing with an increase in the interest rate available and it's fair and reasonable that Barclays cover the cost of this loss.

### **Putting things right**

Barclays will need to refund Ms K the difference in what she will pay in interest for her mortgage on property B compared to the rate available in August 2022 when comparing the fixed rate of 4.88% and 5.34% - with a difference of 0.46% in the following way:

- For any payments already made, Barclays should refund Ms K the difference on what she has paid already to her new mortgage at the higher rate and include simple interest on this refund of 8%.
- If it deducts tax from this interest payment, it will need to, upon request of Ms K, provide a statement confirming any deductions made.
- For all future payments after the point of the refund above, up until 1 August 2028, it should pay Ms K the difference in interest she will pay on the borrowing.
- If it has not already done so, Barclays will need to pay Ms K the £1100 it has offered in compensation for the distress and inconvenience of this complaint.

### **My final decision**

For the reasons I've explained above, I uphold Ms K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 24 May 2024.

Thomas Brissenden  
**Ombudsman**