

## **The complaint**

Mrs T complains that National Westminster Bank Plc (“NWB”) failed to update her credit file as agreed. She says that this has impacted on her ability to obtain a mortgage.

## **What happened**

Mrs T complained to NWB in 2019 because her loan account hadn’t been closed correctly. NWB acknowledged that it had made an error and set out the steps it proposed to take to put things right. One of these steps was to update Mrs T’s credit file to report the loan as fully satisfied on 30 January 2017.

In 2023/2024 Mrs T began the process of looking for a property to buy and arranging a mortgage. She discovered that her credit file hadn’t been updated. This impacted her ability to obtain a mortgage.

Mrs T complained to NWB. In its final response dated 3 April 2024, NWB said it had requested to update Mrs T’s credit file on 5 August 2019. It said it had received confirmation that the request had been actioned on 8 August 2019. NWB said it had also checked its lending and borrowing indication tool which showed no adverse data held at the credit reference agencies. NWB said it hadn’t made an error.

Mrs T remained unhappy and brought her complaint to this service.

During the investigation by this service, NWB made an offer to settle the complaint. It said that although it had said in its final response that the credit file had been amended as promised, it had now established that at some time in between the date when this service requested the banks business file and the date of the final response letter, the credit file was amended. NWB acknowledged that the account had not been updated as promised in 2019 and confirmed that it had been updated between 26 March 2024 and 3 April 2024. NWB agreed that it had made an error and offered compensation of £500.

Our investigator said the offer was fair.

Mrs T didn’t agree. She said she’d been rejected by some mortgage lenders because of the reporting on her credit file. She said that as a result of the error she was paying a higher rate of interest on her mortgage than she otherwise would have done. Mrs T said the £500 compensation offered didn’t cover the extra interest she was having to pay. Mrs T provided further information from her mortgage broker.

## **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 read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point, it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach

what I think is the right outcome.

There's no dispute that NWB failed to amend Mrs T's credit file in 2019 despite saying that it would.

There's also no dispute that NWB's final response dated 3 April 2024 was incorrect, insofar as it said that the request to amend the credit file had been actioned in 2019.

NWB has acknowledged that it made an error, and that it didn't amend Mrs T's credit file in 2019 when it said it would. It has offered £500 compensation.

Mrs T has said that, because her credit file wasn't amended when it should've been, she's had her application for her preferred mortgage declined and has been required to find a larger deposit of 15% as opposed to 5%. She's also said that she's having to pay a higher rate of interest than she would've done had the credit file been amended.

I've carefully considered all the information that Mrs T has provided. She's told this service that the mortgage she applied for in March 2024 was at 5.15% for 36 years. Mrs T says she was rejected because of the information reported by NWB on her credit file. She says she was advised by the same lender that she was only eligible for a mortgage at 5.41% and that she would be required to put down a 15% deposit. Mrs T only had a 5% deposit. She says that the only lender that would accept her with a 5% deposit offered an interest rate of 5.87%. Mrs T took this deal for an initial term of 2 years.

Whilst I agree that the information reported by NWB may have impacted Mrs T's eligibility for a mortgage, there are a number of factors which lenders take into account when assessing mortgage applications. It's clear from the information provided by Mrs T that the size of her deposit was one of the factors which affected the mortgages she was offered.

In order to be satisfied that the sole reason for Mrs T being declined for her preferred mortgage was due to NWB's failure to amend the credit file, I would need to see evidence that Mrs T applied for that mortgage and the reason for it being declined. I've reviewed what Mrs T has provided but it doesn't include the mortgage application or anything to explain why the application was declined. The broker refers to a mortgage with a rate of 5.41% and not the 5.15% referred to by Mrs T. I haven't seen enough evidence to persuade me that the information reported by NWB on Mrs T's credit file was the sole reason for her mortgage application being declined.

Further, I can see from the emails with the mortgage broker that, although a mortgage application had been made whilst the complaint to NWB was ongoing, he recommended that Mrs T put in a new mortgage application once the marker had been removed from her credit file. I haven't seen anything to suggest that this was done. So it's possible that Mrs T could've obtained a better mortgage rate if she'd applied once NWB had amended her credit file at the end of March/beginning of April.

I do understand that this has been a frustrating process for Mrs T. NWB made an error and has offered compensation. I need to decide whether the compensation offered is fair and reasonable to resolve the complaint, having regard to the level of distress and inconvenience caused to Mrs T and any financial impact of the error. On balance, and for the reasons I've explained above, I think the sum of £500 is a fair and reasonable amount, and in line with what this service would award.

### **Putting things right**

To put things right, National Westminster Bank Plc. must pay compensation of £500 to Mrs T

to reflect the service error and the resulting distress and inconvenience caused to her.

### **My final decision**

My final decision is that I uphold the complaint. National Westminster Bank Plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 21 August 2024.

Emma Davy  
**Ombudsman**