

The complaint

Mr and Mrs T complain that National Westminster Bank Plc didn't remove a late payment marker on their credit files although it agreed to do so.

What happened

Mr and Mrs T had a mortgage with NatWest on which the monthly payments were met as they fell due, and they redeemed it in December 2019. That was a joint account ending in 086. Mr T has a separate mortgage also with NatWest, but this is in his sole name and has an account number ending in 445. Mr T noticed that there was an incorrect late payment marker on his credit file from July 2019 and complained to NatWest who agreed to remove it and compensate him. Mr T says that he looked at his credit file in early 2023 and noticed the late payment marker still there. Mr T contacted NatWest but had difficulty getting through to someone who could deal with the issue.

NatWest again said they would remove the marker and offered compensation of £100. Mr and Mrs T were unhappy with this, and that NatWest hadn't considered the effect of this on Mrs T, so they brought the complaint to us.

Our investigator's view

Our investigator felt that NatWest hadn't considered the impact on Mrs T and suggested further compensation of £150. NatWest agreed to pay that and to remove the marker. But Mr T has told us that the marker remained with one credit reference agency ("CRA") and hasn't been removed until recently.

My Provisional Findings

As my view of this complaint differed from that of our investigator I issued a Provisional Decision as set out below. I said:

"My reading of this file is that NatWest had agreed to remove late payment marker but couldn't initially see to what account the marker was attached. Mr T had another account with NatWest and the company seems to have looked at that rather than the redeemed one and that may have been the reason it wasn't cleared when Mr T brought it to the bank's attention back in 2021. NatWest investigated this further and in February 2023 it then appears to have realised that the missed payment was incorrectly recorded on the redeemed account and says that it cleared the marker off the account. NatWest also offered to look at any financial loss that Mr and Mrs T suffered on receipt of proof. Like our investigator I believe that at that stage fairer compensation, given that the matter wasn't dealt with earlier, and the late payment marker lay on the file, and NatWest hadn't considered the impact on Mrs T would be a further payment of £150.

But there remained a problem. Although NatWest told us that it has supplied information to the CRAs that the late payment marker should be removed, Mr T produced evidence which indicates that one CRA - I shall call Y - still shows the late payment marker on the credit file. That evidence includes a video in October 2023 of Mr T opening his credit files and

specifically the file for the closed NatWest mortgage, For two of the CRAs it shows that their files on this account were updated in March 2023, and they don't show the missed payment in July 2019. But Mr T's file on Y still shows the missed payment in July 2019 and that the account was last updated in December 2019.

I raised with NatWest why, if it had corrected the credit files, this would still show with Y. NatWest has told us that whilst it can amend the data it reports to the CRAs as they are independent companies, it may take time for them to amend their records. But NatWest says it corrected the credit files in March 2023 and it was October 2023 when Mr T downloaded the video which still shows the missed payment. I appreciate it may take a few weeks for a CRA to amend a record but that is unlikely to be an explanation for so long a delay. NatWest wrote to us saying that it had access to update Y's system and produced evidence showing there was no adverse data recorded against Mr and Mrs T on their mortgage. But that account ends in 445 which is the live NatWest account in Mr T's sole name. I note that this isn't in fact the redeemed account. That account ends in 086.

I had hoped for a definitive answer as to why in October with one CRA the credit file still showed Mr and Mrs T with a missed payment in 2019, when NatWest told us it had amended the credit file. It seems to me that the error either lies with NatWest or Y. I had asked NatWest to contact Y for an explanation as to why Mr T's credit file was still showing the missed payment. NatWest tells me it contacted Y in March of this year and again since then but has had no reply. So, I have to make a decision on the evidence available to me as to where the fault for this lies.

I believe that the most likely cause of the credit file not being amended is that NatWest, which tells me it had access to update Y's system simply didn't do so although it amended the information it supplied to the other two CRAs. If it had access to Y's system to amend and it did so correctly, there is no reason for Y's system to show in October 2023 that the account hadn't been amended since it was settled in December 2019. On its own evidence the account it showed as being amended was the account which didn't require amendment. But in addition, NatWest was responsible for the initial error. It has known since October 2023 that Y was still showing this error but did not until March contact Y about the error still showing. I would have thought that in the interests of its customer it would have contacted Y earlier to have the situation rectified if in fact Y was at fault. I note from what Mr T and NatWest tell me that the late payment marker appears recently to have been removed from Y's system.

What has been the effect on Mr and Mrs T? If Mr or Mrs T had applied for credit I imagine that the June 2019 missed payment may have had an impact on the application. But there is no evidence of Mr and Mrs T making an application for credit or that this marker prevented them accessing it. I see that in the letter from NatWest of March 2023, the bank noted that Mr T had said that he had applied for a mortgage with another lender, and this was declined because of adverse data being registered and that he was charged £300 for that. To look at compensating Mr T, NatWest asked for evidence of the decline and the payment, but no evidence was produced. I've seen no further evidence that Mr or Mrs T applied for other credit and were declined or charged more because of the payment marker.

I appreciate that Mr and Mrs T may have been reluctant to apply for credit whilst the marker was still there. On the other hand, I note that if they had applied, from March 2023 two CRAs didn't show the marker whilst NatWest was confirming that the remaining marker with Y was an error. So, it may well be that the marker on the credit file might not have been a problem if they had applied. So, I've no evidence that they suffered a financial loss because of the marker.

I recognise that this has been a frustrating time for Mr and Mrs T as they have been waiting

for their credit file with Y to be rectified. Mr T has indicated a number of health problems he is suffering from which he believes are a result of the credit file with Y still showing a late payment marker from July 2019 although I've seen no medical evidence linking the two. But this marker is only relevant if Mr or Mrs T applies for credit and encounters problems doing so. I've no evidence that they did or that with the two main CRA's showing the marker removed and with NatWest confirming that the other one was in error, that any application for credit would be detrimentally affected. I acknowledge that it's reasonable for Mr T and Mrs T to feel very frustrated with the delay and the efforts they have made in having the late payment marker removed from Y's system and I believe that a further £200 compensation is fair in addition to that suggested by our investigator."

After I issued my Provisional Decision I invited further submissions from Mr and Mrs T and NatWest. NatWest agreed to pay the further compensation. Mr and Mrs T sent me screenshots to show that their credit files were still being affected by NatWest.

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 looked at the further information that Mr and Mrs T have sent me. They have sent screenshots of credit files. I note that one of the screenshots shows a missed payment in November 2023. But that doesn't appear to be relevant to this complaint which is about an incorrect record of a missed payment on an account in 2019 and that account closed in 2019. If the screenshot shows an incorrect record, Mr and Mrs T should bring their complaint about that to the bank in the first instance to allow the bank to investigate it.

But in respect of this complaint, I've considered the evidence again and believe that my Provisional Decision represents a fair outcome to this complaint.

Putting things right

National Westminster Bank Plc should pay Mr and Mrs T £200 in addition to the £150 suggested by our investigator.

My final decision

My decision is that I uphold this complaint and require National Westminster Bank Plc to pay Mr and Mrs T £200 in addition to the £150 compensation suggested by our investigator.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 23 July 2024.

Gerard McManus
Ombudsman