

The complaint

Mr D complains that Bank of Scotland plc trading as Halifax carried out two additional credit searches, several months after he'd decided not to go ahead with a mortgage from it. He said these extra searches affected his credit score.

What happened

Mr D applied for a mortgage decision in principle with Halifax in September 2023. Halifax couldn't lend Mr D what he wanted at the time, so he didn't go ahead. But Mr D later noticed further searches on his credit file by Halifax. Mr D noticed a search in January, and asked about it, but there was no explanation provided as to why this had happened. Mr D then noticed a second search in April 2024, and complained.

Halifax said it was sorry that these searches happened. It said that when someone's likely to be going ahead with a mortgage application, it will search their credit file every 90 days, to make sure the information it is using is still up to date. But it was clear from the outset that Mr D wasn't going ahead with this application, and the January and April searches should not have been done.

Halifax said it had made sure no further searches would be recorded for this application, and it would remove the existing searches now. When Mr D referred this complaint to our service, Halifax then also offered Mr D £150 in compensation. It said if Mr D could show any losses, then it would consider those.

Our investigator told Mr D about this offer, but he didn't want to accept it. He said he didn't think the compensation offered was in line with the impact of the mistake Halifax made. He said he'd postponed his mortgage application because, although his credit score was climbing, it wasn't climbing as fast as he thought it would have done, if the searches hadn't been recorded by Halifax.

Mr D showed us a graph of his credit score, which he said proved that his score increased much more in the month when Halifax removed the searches, and the month following. Mr D also said asking for any more evidence would be an invasion of his privacy, and indicated that if he was being asked to provide more detailed information on his credit position, he would need to be paid additional compensation.

Our investigator didn't think Halifax had to pay more than it had offered. She said Halifax had accepted responsibility for what had gone wrong here. And it had taken steps to make sure that no more searches were recorded, as well as that the existing searches for January and April were removed.

Our investigator understood there was inconvenience to Mr D, especially as he'd had to contact Halifax about this twice. But she said Mr D's credit score was already going up before Halifax recorded the searches, and it continued to go up after that, so she didn't think the searches had adversely affected his score. She understood what he'd said about the increase being slower between January and April, but said she was not persuaded that this

was because of the additional credit searches carried out by Halifax. And there was no actual credit or mortgage application during this time, to show the impact of what Halifax had done.

Mr D didn't agree. Because no agreement was reached, this case came to me for a final decision.

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 reached the same overall conclusion on this complaint as our investigator.

I understand that when Mr D first raised this concern with Halifax, after the first mistaken search, it didn't take any action. So I am glad to see that Halifax has now taken responsibility for the mistake it made here. It has apologised to Mr D, made sure the September 2023 application will not generate further searches, and it has removed the mistaken searches from January and April 2024.

Mr D says he wanted to apply for a mortgage, and has delayed this because he feels his credit score wasn't increasing in the way he wanted. Mr D has, in turn, blamed that on Halifax's mistaken searches from January and April 2024.

I understand that Mr D is convinced that there's a direct link between what Halifax did and his credit score, and also that this marginally lower score meant he couldn't make a mortgage application when he wanted to. But I don't think either of those things are what's most likely to have happened here.

Even if I had a complete copy of Mr D's credit file, which I do not, I would still struggle to assign responsibility for the slower pace of increase in Mr D's credit score between January and April 2024, to the mistaken searches Halifax recorded.

As Mr D himself said, the credit score companies take multiple variables into this equation. So even with significantly more evidence (which I understand Mr D is reluctant to supply without a commitment to a higher payment of compensation) I would not be able to see that this marginal shift in Mr D's score was most likely to be a result of what Halifax did. I simply cannot say whether it's more likely that the searches Halifax ran had a marginal effect on Mr D's credit score, or in fact no effect at all.

I could also not say in this case that what Halifax has done would have had a significant impact on any mortgage application Mr D made during that time. His credit score is a figure prepared by credit reference agencies, as a sort of shorthand way for people to see how their credit files might be viewed overall by a lender. But the score itself is not used by lenders to reach a decision, and it's not a substitute for that decision. So, although a change in the score might well be a general indication that a lender could view a credit or mortgage application more favourably, these things are quite definitely not directly linked. It's not unheard of for those with excellent credit scores to be fairly turned down for lending.

So even if I could say it was most likely that this marginal impact on Mr D's credit score was Halifax's responsibility (which I don't think I can) I still couldn't assume that this marginal impact on his credit score, would in turn have been most likely to impact on a mortgage application, and prevent it being approved when it otherwise would have been.

I know that Mr D will be disappointed, but I just don't think I can fairly hold Halifax responsible for the wider consequences he's pointed to here. And because of that, I do think the payment of £150 that Halifax has offered does provide a fair and reasonable outcome to this complaint. So I don't think Halifax has to pay Mr D more than that.

My final decision

My final decision is that Bank of Scotland plc trading as Halifax must pay Mr D £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 10 October 2024.

Esther Absalom-Gough

Ombudsman