

The complaint

Mrs Y complains that National Westminster Bank plc, trading as Ulster Bank, twice incorrectly recorded her account as in arrears leading to incorrect information being recorded on her credit file. Mrs Y would like the situation resolved, and significant compensation.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here, instead I will focus on giving the reasons for my 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.

Having done so I have reached the following conclusions: -

- Ulster Bank accepts Mrs Y's account wasn't in arrears, that it failed to rectify this on two occasions and, as a result it recorded wrong information on her credit file. It has already paid £150 compensation. It offered a further £350 for the distress and inconvenience but accepted our investigator's recommendation of £550 on top of the £150 already paid. It also agreed to correct the loan account and credit file. Mrs Y accepts this but believes Ulster bank should pay £3,000,000 in compensation. So, the decision for me is to what is the appropriate level of compensation.
- Whilst some confusion seems to have been due to when, and where, Mrs Y made her loan repayments from, Ulster Bank didn't correctly align those payment and her account was never in arrears. Despite this being confirmed in a final response letter in December 2023, in January 2024 her account was still flagged as in arrears so she continued to receive debt collection letters along with incorrect information recorded on her credit file. Ulster Bank has told us that Mrs Y's account has now been properly realigned, and her credit file updated which is the appropriate action to have taken.
- I do think Ulster Bank's mistakes have caused Mrs Y significant distress. It can't have been easy to continually get default and arrears letters. It must have also been frustrating and time consuming to try to resolve this herself, twice, and then to have to complain to our service. However, I can't tell Ulster Bank to pay Mrs Y compensation in the millions of pounds as she would like. Even if I thought her complaint merited it, and I don't, such a level of compensation is outside of the remit of this service.
- I do accept the time, frustration and distress caused but I am not aware of any other consequences such as a direct financial loss because of Ulster Banks actions that I could consider. So, considering all of the circumstances of Mrs Y's complaint I think the £550 our investigator recommended on top of the £150 already paid is fair.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement National Westminster Bank Plc trading as Ulster Bank should: -

- If it has not already done so, ensure Mrs Y's account record is correct and ensure that Mrs Y's credit file accurately reflects her account
- Pay compensation of £550 for the distress and inconvenience caused.

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

Bridget Makins
Ombudsman