

## **The complaint**

Miss G complains that The Co-operative Bank Plc (“CB”) reported adverse information on her credit file and sold her account to a debt collection company.

## **What happened**

Miss G opened a current account with CB in 2012. In 2014 Miss G moved abroad and the account went dormant with a £50 balance.

Miss G moved back to the UK in May 2024. She says she applied for a mobile phone contract which was declined and as a result obtained a copy of her credit file. She discovered that as a result of a transaction for £150 in 2017 her account had gone overdrawn. CB had reported adverse information on her credit file and transferred the debt to a debt collection agency.

Miss G complained to CB. She said she wasn’t in the UK in 2017 and hadn’t made the transaction. She said she’d had no contact from CB since she’d moved abroad.

CB didn’t issue a final response but explained to Miss G that she could refer her complaint to this service.

CB also made an offer to settle the complaint. It offered to remove all the adverse information in relation to the account from Miss G’s credit file, repay the balance on the account as at the time she left the UK (£50.91) and pay £200 compensation.

Our investigator said the offer was fair.

Miss G didn’t agree. She said that since moving back to the UK she hadn’t been able to secure employment because the type of employment she wanted required a credit check, and the default on her credit file meant that she wouldn’t pass this. Miss G said that as a result of having no employment she’d been living off her savings, which were otherwise earmarked for a deposit on a house.

Miss G also said that CB had been obstructive in providing information about the case, but she had ultimately been told that the money had been withdrawn by a bank employee. Miss G said she’d provided proof to CB in May 2024 that she wasn’t in the UK at the time the transaction took place and feels that the situation should’ve been rectified immediately.

Miss G said she wanted more compensation given the stress and inconvenience that the matter had caused her.

## **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.

CB hasn’t provided a final response to this complaint, so I’ve based my decision on the available information. This includes Miss G’s testimony as to what happened, which I’ve no

reason to doubt.

CB has issued a proactive offer in which it acknowledges that it could've handled things better. There's no dispute that the withdrawal from the account on 14 August 2017 wasn't made by Miss G, as she's shown that she was abroad when the withdrawal took place.

CB has confirmed that it will buy the debt back from the debt collection company and write off the debt. It has also confirmed that it will remove any adverse information from Miss G's credit file. It has offered to give Miss G the balance of the account as at the time she left the UK (around £50) and pay compensation for any distress and inconvenience caused of £200.

I've thought about whether the proposed resolution is fair and reasonable. In doing so, I've thought about the impact of the error on Miss G, and what steps would restore to what the position would have been had the error not occurred.

In terms of restoring the position, I'm satisfied that amending Miss G's credit file will achieve this. I understand from Miss G that the default has already been removed, so I think that CB has acted reasonably promptly to put things right in this respect.

I appreciate that there has been a period of time – possibly a few years - when the default has been reporting on Miss G's credit file. Miss G only discovered this in May 2024 when she tried to apply for credit. So its fair to say that when looking at the impact of the error, Miss G has been affected for a period of months, and not years.

That's not to say that there hasn't been an impact. I've read what Miss G has said and I appreciate that the adverse information would have been identified in any credit check carried out for employment purposes. Miss G says she hasn't been able to work as a result of the default. However, I haven't seen any evidence that Miss G was turned down for employment (or that she had employment terminated) as a result of a credit search. And I'm not persuaded that Miss G couldn't have applied for other jobs which didn't require a credit search. So although Miss G has said that she hasn't worked since returning to the UK and has had to live off her savings, I can't fairly say that this is as a result of the error by CB.

Miss G has also said that she's been unable to get a mortgage because of her credit file and as a result she's had to pay rent. Again, I haven't seen any evidence to show that Miss G was declined for a mortgage as a direct result of the default reported by CB.

I appreciate that Miss G has been caused distress and inconvenience as a result of the error. Clearly it would've been upsetting to be turned down for credit and discover that there was an issue affecting your credit file which wasn't your fault. I have sympathy with Miss G in this respect. I also acknowledge that Miss G has spent time trying to resolve this matter with CB and I've taken on board what she's said about CB being evasive about what happened. I accept that this would've cause frustration on top of what was already a distressing situation.

Miss G has said that CB told her that the withdrawal was made by a bank employee. CB hasn't confirmed that to this service and I haven't seen any evidence about how the withdrawal in 2017 occurred. In any event, an allegation of theft isn't something that this service can look into. So, I won't be commenting further on this aspect.

Taking everything into consideration, I'm satisfied that the offer put forward by CB is fair and reasonable and reflects the impact of the error on Miss G. CB should allow Miss G to accept the offer if she wishes. If she doesn't accept it, I understand that CB has already taken steps to buy back the debt and amend Miss G's credit file and these steps shouldn't be reversed.

**My final decision**

My final decision is that I consider the offer put forward by The Co-operative Bank Plc to be fair and reasonable. I won't be asking them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 29 October 2024.

Emma Davy  
**Ombudsman**