

The complaint

Mr D complains about the service he received from Barclays Bank UK PLC ("Barclays") when he tried to open an account.

What happened

In April, Mr D applied online for a current account with Barclays. He encountered numerous difficulties, beginning with an error message but extending to various problems including poor communication and incorrect information. As part of the process, Barclays carried out a credit search. But Mr D says that Barclays couldn't complete the application process because of problems with its IT system.

He says it took several weeks for this to become clear. During that time, Mr D says he had almost daily calls with Barclays and took time off work to visit a branch. He says he was given inconsistent information about the status of his application throughout and it was very difficult for him to speak to anyone who could tell him what was happening. He raised a complaint, hoping to expedite the situation. When it became apparent that the application wasn't progressing, he asked Barclays to remove its search from his credit file.

Barclays confirmed that it hadn't been able to proceed with Mr D's application after it was referred for additional checks. It couldn't determine the exact reason for this and understood that Mr D might find its response inadequate. Overall, Barclays accepted that it had made many errors in relation to Mr D's application. It apologised, said it understood the impact of this and took full responsibility for the errors.

Barclays offered Mr D £300 for the distress and inconvenience he'd experienced and the time he'd spent dealing with the issues. But it said it couldn't remove the search from his credit file. Mr D didn't accept Barclays' offer, so the £300 hasn't been paid. He asked this service to look at the complaint.

I issued a provisional decision on 30 September indicating my intention to uphold the complaint and direct Barclays to pay the £300 to Mr D and remove the search from his credit file. Mr D accepted the provisional decision. Barclays agreed to pay the compensation. But it didn't agree to remove the credit search. It said it has a duty to report accurate data to the credit reference agencies and that the search recorded here is accurate. It accepted that there had been failings in its service. But it said that, without those failings, the search would have remained on Mr D's credit file. So it doesn't think it should be removed.

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 given careful thought to Barclays' comments about the credit search. But I still think the fair outcome here would be to remove the search. So, I'm going to uphold the complaint in the way I indicated in my provisional decision. My reasons are set out below.

Barclays accepts that it made numerous mistakes here which caused Mr D stress and significant inconvenience. I think it's right that it should compensate him for that. Having considered the evidence from both parties, I think £300 fairly reflects the impact of Barclays' mistakes. So I think it should pay that.

But there is also the issue of the credit search. Barclays says that a search is routine for any application and, even though the account wasn't opened, it's correct that a search was made. I think it's reasonable that Barclays wanted to carry out a search as part of its consideration of Mr D's application. Mr D accepts that he agreed to it at the outset. But he says that his application couldn't progress due to Barclays' IT issues, so it's not fair for the search to remain on his credit file.

It was a point of difference between the parties as to who cancelled the application. Barclays says it approved Mr D's application on 23 April but Mr D subsequently decided to cancel it. Whereas Mr D says the application was effectively aborted by Barclays due to issues within its system.

The evidence I've seen shows that Mr D was approved for an account. But I find that Barclays couldn't progress the application due to a system error. So, the approval wasn't effective.

Barclays then asked Mr D to go to a branch with his identification so that the application could be resumed. He went to the branch but was told he needed to make an appointment, which he did. Mr D says he was then told he didn't have an application open. This is supported by evidence I've seen of Mr D being told the application had been cancelled. In the circumstances, I think it was reasonable for Mr D to cancel the appointment.

On balance, I think the application was cancelled (or, if not cancelled, unable to be progressed) on Barclays' side. This is supported by Barclays' own complaint handler's findings; they concluded that the application couldn't be resumed after it had been referred for checks. Barclays didn't dispute this finding when it responded to the provisional decision.

In any event, Mr D thought the application had been cancelled by Barclays because Barclays told him it had been cancelled. So, I think it was reasonable for Mr D not to pursue it further.

The effect of this was that Mr D's application couldn't be completed because of errors on Barclays' side. This leads to the question of whether the search should remain on Mr D's credit file. Barclays has referred to the principles it must follow when reporting data to the credit reference agencies. It must report accurate information. A search did take place here and I think that has been reported accurately. But the same principles say that the data reported must be fair.

Here, Mr D agreed to the search so that Barclays could consider and progress his application. If this process had been completed and Barclays had rejected Mr D's application, I wouldn't be asking it to remove the search. Likewise, if the process had been completed and Barclays had offered to open an account for Mr D, I wouldn't be asking it to remove the search, regardless of whether Mr D chose to open the account or not. But neither of these situations arose here.

As I've explained, I find that Barclays couldn't complete the application process due to errors on its part. By the time this came to light, the search had already been carried out. But it had been requested and agreed to as part of a process which Barclays couldn't complete. So, although the parties didn't know it at the outset, the search was unnecessary because

Barclays wasn't going to be able to complete Mr D's application regardless of the search results.

In the circumstances, I don't think it's fair for Barclays' search to remain on Mr D's credit file. I think it's unlikely that the search will have a significant impact on Mr D's credit rating, but it could cause him some detriment. So, I think the search should be removed.

My final decision

For the reasons above, I uphold this complaint. Barclays Bank UK PLC should:

- pay compensation of £300 to Mr D; and
- ask the credit reference agencies to remove the search from Mr D's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 November 2024.

Katy Kidd
Ombudsman