

The complaint

Mr S is unhappy that The Royal Bank of Scotland (RBS) recorded information incorrectly on his credit file, which he believes prevented him from obtaining a mortgage.

What happened

Mr S had a loan account with RBS, which was settled in January 2024. Mr S applied for a mortgage in February 2024 with another bank that I'll refer to as X. During the mortgage application process, it was discovered that RBS had recorded a missed repayment on Mr S's loan account in September 2023. X declined to offer Mr S a mortgage due to a "*credit score fail*". Mr S's mortgage broker said he appeared to be a "prime" applicant. Having reviewed his credit report, an 'arrangement' had been recorded by RBS in September and October 2023. The broker said that in the individual circumstances, and mortgage requirements, it was not feasible to offer any further assistance.

Mr S complained to RBS about what had happened. On 6 August 2024, RBS admitted it made an error by recording adverse information about Mr S's loan account in September and October 2023. RBS said it would remove the adverse data and paid Mr S £100 for any inconvenience experienced. RBS said it would consider further redress if Mr S provided evidence from mortgage lenders Mr S applied to that they refused to his applications because of the adverse data RBS recorded.

Mr S referred his complaint to our service. Mr S wanted to be offered the same interest rate available at the time of his mortgage application in addition to increased compensation for the emotional distress and inconvenience this matter caused him. Mr S provided a copy of his credit file, which showed the adverse information RBS recorded. The credit file also showed adverse information recorded by several other companies.

One of our Investigators reviewed Mr S's complaint but didn't uphold it. Our Investigator said the information from X and the broker did not show that the adverse information recorded by RBS was the sole reason Mr S's mortgage application was declined. Our Investigator noted Mr S's credit file had adverse information recorded by other companies. The Investigator said she would need to see evidence from a mortgage lender showing that the reason it declined to offer Mr S a mortgage was because of the information RBS recorded. Our Investigator noted RBS had removed the incorrect information and paid £100 compensation, which she thought was fair and in line with our service's approach.

Mr S didn't accept our Investigator's recommendation. Mr S says X would not say that the adverse credit information recorded by RBS was the reason it would not lend to him to avoid incriminating RBS, because X and RBS are part of the same banking group. Mr S said he thought our service would help him prove the reason his mortgage application was declined. It was clear, in his view, that RBS's actions caused his mortgage application to be declined. Mr S asked for an Ombudsman to review his complaint, so this has come to me for a 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 think it would be helpful to clarify that the Financial Ombudsman Service is an independent and impartial organisation – this means we don't represent Mr S in this complaint about RBS. Instead, we make impartial decisions on the facts and evidence available.

I've reviewed the information provided by X and the mortgage broker. X confirms it declined Mr S's mortgage application because of his credit score. I acknowledge Mr S says X won't want to incriminate RBS, but it remains that X has not said it was the adverse information recorded by RBS that reduced his credit score below its acceptable level or that this data was a contributing factor to its decision to decline to offer Mr S a mortgage. The evidence provided by the broker notes the arrangement but also does not conclude this was the reason the mortgage was declined.

Having reviewed Mr S's credit file, there are a number of other companies that have recorded adverse data on Mr S's credit file, so I don't think I can reasonably conclude that the information recorded by RBS was the sole or main reason for Mr S's mortgage application being declined. I realise Mr S will be disappointed, but I don't think it would be fair or reasonable to ask RBS to compensate him for any increased mortgage costs Mr S has experienced.

I understand Mr S wants additional compensation for the distress and inconvenience caused. As I set out above, I don't think I can reasonably conclude RBS was responsible for Mr S's mortgage application being declined so it follows that I don't think RBS is obliged to compensate him for the distress and inconvenience caused by not being offered a mortgage. But I do accept Mr S was put to some inconvenience – he had to tell RBS about the incorrect information it had recorded. RBS responded to Mr S's complaint within the required timescales, corrected the adverse information and paid Mr S £100 compensation. I cannot see Mr S was significantly inconvenienced by telling RBS about the incorrect information. In the circumstances, I think RBS treated Mr S fairly by paying him £100 compensation for the distress and inconvenience caused by its actions.

My final decision

I realise my decision will disappoint Mr S. But for the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 February 2025.

Victoria Blackwood

Ombudsman