

The complaint

Mr S complains about the effects on his credit file due to actions by Barclays Bank UK PLC trading as Barclaycard (Barclaycard).

What happened

Mr S was the victim of identity theft in January 2019. Someone applied for a new card in his name and used a fake address.

Mr S spoke to Barclaycard on 26 January 2019 to report the matter. Barclaycard said they would dispute the payment and investigate.

A payment of £3,626 was made from the account – which wasn't anything to do with Mr S. Statements were sent to the fake address. The account was then defaulted and this was notified to Mr S' credit file. The debt was then passed to a debt collection agency (DCA).

Nothing more happened until Mr S contacted Barclaycard in May 2024. He had asked a mortgage adviser to renegotiate his existing mortgage and the credit search showed a different address to Mr S'. Mr S then got a copy of his credit report which confirmed this to be the case.

Mr S complained to Barclaycard in May 2024. He said he had heard nothing from the firm since 2019. And as a result, his credit file had been marked with the wrong information between 2019 and 2024. And it only came to light when he looked into refinancing his mortgage in 2024. He says he should be compensated for the cost of the mortgage advice which gave rise to the issue, plus further compensation for the stress caused by Barclaycard's error.

Barclaycard issued two final responses:

The first one (28 May 2024) said that looking back at 2019, they had then decided that the account was not opened fraudulently and it appeared that the second address was added by Mr S. But as a result of Mr S' contact (in May 2024) the firm would look into matters again.

The second final response letter (27 July 2024) said:

- Barclaycard looked into what happened in 2019 again and found that there had been a fraudulent application for a new card; with a fraudulent address. And the payment for £3,626 was nothing to do with Mr S.
- Barclaycard wrote off the debt and removed the default and late payment markers from Mr S' credit file.
- The further fraud investigation was concluded on 11 June 2024.
- But – as there was no evidence as to whether Mr S was advised of the outcome of the first fraud investigation in 2019, Barclaycard offered compensation of £100.
- And because there had been a further delay in advising him of the 2024 investigation, the firm offered compensation of another £100, plus refunding the cost of Mr S needing to get his credit file - £60.

Mr S didn't accept the offers and brought his complaint to us. Our investigator said:

- Barclaycard should increase the compensation by a further £100.
- There wasn't any evidence to show that Barclaycard had contacted Mr S after the first investigation in 2019.
- The call on 26 January 2019 was evidence that Barclaycard said they'd dispute the payment of £3,626 and block the card.
- Any correspondence from Barclaycard about the investigation would have been sent to the fraudulent address.
- But Barclaycard couldn't reasonably have been aware of the fraudulent address until after the investigation – as it was only after that it was changed.
- She hadn't seen any evidence that a mortgage application had been declined; or that Mr S had to use a mortgage broker because of what was showing on his credit file.
- Mortgage quotes were provided in January 2024 – when the default and fraudulent address was still showing on Mr S' credit file.
- It was likely the issue of the fraudulent address came up in May 2024 – shown by the correspondence between Mr S and the broker.
- Mr S contacted Barclaycard on 19 May 2024, following which Barclaycard took action to cancel the debt, and clean up Mr S' credit file. This was actioned on 12 June 2024.
- Barclaycard agreed there had been a delay in dealing with this but the actions were completed by the end of July 2024.
- Mr S was able to remortgage his property.
- But because of the delay in dealing with the issues (between May 2024 and July 2024), she said Barclaycard should pay compensation of £300 plus £60 for the subscription to the Credit Reference Agency (CRA).

Mr S didn't agree and asked that an ombudsman look at his complaint. He showed evidence that the remortgage was held up in May 2024 because of the fraudulent address that was on his credit file. He also said that back in 2019, Barclaycard should have seen the new address was added fraudulently and could've then been checked. So, Barclaycard failed in its duty of care.

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 reviewed all the evidence about what happened here.

I listened to the call between Mr S and Barclaycard on 26 January 2019. On the call, Mr S said the transaction for £3,626 wasn't his and the call handler agreed that a second card had been applied for by a third person, and that the payment would be disputed and investigated.

I've seen no evidence that Mr S was advised of the outcome of the investigation. And from what Barclaycard have told Mr S (in May 2024) the investigation then found that Mr S made the transaction and debt was his.

But, in 2024, Barclaycard decided that after all – the payment was fraudulent and the address had also been added fraudulently. So – the investigation in 2019 reached the wrong conclusion. So - that was an error by Barclaycard.

And as a result, the debt in Mr S's name was defaulted and his credit file marked with the default and late payments. Mr S would not have been aware of that – as it looks like the statements (and I suspect default letters and communications from the debt collection agency) (DCA) were sent to the fraudulent address.

So, it is clear to me that Barclaycard made some errors back in 2019 – which only came to light in 2024 when Mr S was trying to refinance his existing mortgage.

I can see this first caused a problem at the end of April 2024 when the mortgage broker said the prospective lender had noticed the fraudulent address on Mr S' credit file. It was then raised with Barclaycard who put things right – by the end of July 2024. And Mr S confirmed to us that the remortgage went ahead. In the meantime, Mr S needed to call Barclaycard several times, and there was a delay in sorting all this out.

Impact on Mr S:

So – I accept that Barclaycard made some errors as I've set out. And I must decide on the *impact* on Mr S of those errors and therefore on a fair amount of compensation. He argues that:

- He needed to use a broker to get a remortgage because of the fraudulent information on his credit file.
- So he should be refunded the mortgage broker's fee.
- Barclaycard were slow in sorting things out and he should be compensated for that.
- He was impacted from 2019 to 2024.

I haven't seen any evidence that Mr S had to use a broker because of the fraudulent address shown on his credit file. Mr S was using the broker to look at the market for a remortgage – this process started in December 2023. There is no indication at that stage that this was because of a problem with Mr S' credit file.

The evidence is that the problem came to light later - at the end of April 2024 – when he was well into the discussions with the broker. There were some indicative rate quotations on 31 January 2024, and mortgage illustrations and a suitability report in April 2024. The issue with the address on Mr S' credit file was then flagged early in May 2024.

I can also see from Mr S' credit file that the new lender carried out a search on 22 April 2024. There are no other searches by any other lenders in 2024 up to that time. So, it doesn't look as if there were any earlier problems.

So – I am satisfied that Mr S didn't use the broker because of the problem with his credit file; and I am not saying the broker's fee should be refunded.

Barclaycard put things right in June 2024 – but there was delay in doing that so that Mr S' credit file wasn't updated with the correct address until the end of July 2024. This was due to another error by Barclaycard which the firm referred to in its final response.

I considered whether Mr S was affected in any other way between 2019 and 2024. I can see from Mr S' credit report that he took out a new credit card from another bank in March 2019 – so there doesn't seem to have been an impact on him being able to get further credit during that period.

Mr S was able to get the remortgage from the new lender. While I don't have the date when this was completed, it looks likely it was probably in September 2024 or October 2024. So – in fact, the remortgage was probably slightly delayed from (say) June 2024 to (say) September 2024. But don't think that was considerable.

So, for me, the impact on Mr S was the frustration at Barclaycard's delay in resolving matters and putting things right. And during that time, he was concerned as to whether he would be able to get a remortgage.

Our investigator has said the impact on Mr S was limited to those delays. For the reasons I've given, I agree with that, and that Barclaycard should pay slightly more compensation than they've offered.

And so, my decision is that Barclaycard should pay compensation of £300, and refund the fee paid to the CRA of £60. I know Mr S is looking for more, but having considered the impact on him, I'm satisfied that this is a reasonable way to settle this complaint and for what happened here.

Putting things right

Barclaycard must pay compensation of £300 and refund the CRA fee of £60.

My final decision

I uphold this complaint. Barclays Bank UK PLC trading as Barclaycard must:

- Pay compensation of £300 for distress and inconvenience.
- Refund the fee paid to a Credit Reference Agency - £60.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 12 February 2025.

Martin Lord
Ombudsman