

The complaint

Mr G complains that Nationwide Building Society (Nationwide) have incorrectly reported his address to credit reference agencies after they conducted a credit search. He says this has led to his credit score dropping and applications being declined.

What happened

Mr G applied for a Flex account with Nationwide on 3 January 2024. Around two weeks later, he applied for a Flex Student account, but the application was declined following a soft search. Nationwide said their decision was based on the information provided by him and by the credit reference agency (CRA) – and that Mr G could contact the CRA to find out more.

When Mr G reviewed his statutory credit report, he saw that the hard search Nationwide conducted on 3 January 2024 didn't include his full address – the flat number was missing. He contacted the CRA who explained that the Flex account had been opened using the building name only. Mr G noted that his credit score had dropped since the hard search, and so he got in touch with Nationwide to complain.

Nationwide didn't uphold Mr G's complaint. They said they used his full address, including the flat number, when requesting the hard search. They said that they didn't undertake a hard search when Mr G applied for the student account, so his application wasn't declined due to an issue with how his address was recorded.

Unhappy with Nationwide's response Mr G contacted our service, where one of our investigators considered the complaint. She didn't think Nationwide had made a mistake, so she didn't uphold Mr G's complaint. In summary, she said she couldn't be sure who was at fault for the flat number not being recorded on the hard search, and that the address itself wouldn't affect Mr G's credit score. The investigator said Nationwide had offered a notice of correction and thought that this was a reasonable way to resolve Mr G's complaint.

Mr G didn't agree. He maintained that the reason for the problems he'd been experiencing was because of the Flex account being opened with the address being incomplete. He said Nationwide had still not sent him the notice of correction as promised. And he added that the issue was severely impacting his wellbeing and career.

Our investigator considered Mr G's response but ultimately didn't think it changed anything. As no agreement could be reached the complaint was passed to an ombudsman to consider – and the complaint came to me.

I issued a provisional decision on 26 November 2024, explaining why I was minded to uphold Mr G's complaint. In that I said:

"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 intend to uphold Mr G's complaint."

Mr G has raised various points and submitted detailed evidence in support of his complaint, including the impact of what's happened. I've read and considered everything both parties have said. I'm aware that I've summarised events in rather less detail than has been presented, using my own language. No discourtesy is intended by that. It's simply a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

In reaching this provisional decision, I've taken into consideration the relevant rules, guidance and good industry practice. This includes the FCA's Consumer Duty, which requires financial services firms to deliver good outcomes for consumers.

Flex account opening and credit reporting

The crux of Mr G's complaint is that Nationwide opened his Flex account using an incomplete address, using the building name but omitting the flat number. Mr G said the impact of this has been profound. He said he can't pass soft searches when applying for other financial products, it cost him his degree and it caused significant stress and anxiety.

For me to uphold this part of Mr G's complaint I need to be satisfied that Nationwide made a mistake when opening Mr G's Flex account. I can see from Mr G's statutory report that Nationwide's hard search on 3 January 2024 only shows the building name without a flat number. Nationwide on the other hand sent me a copy of the application that was completed for the Flex account. This includes an audit trail of the ID check and hard search. The application shows Mr G's full address, including the flat number. Nationwide explained that the hard search was conducted based on the information entered during the application process.

On balance, I think it's more likely than not that Nationwide used the correct address when conducting the hard search. It doesn't appear to be in dispute that Nationwide entered the full address during their search and that the problem may be due to the way the CRA's system interprets the data it received. Mr G said the CRA told him Nationwide had gone on to open the account under the incorrect address. From what I've seen, Nationwide has been using Mr G's full address, including the flat number, as shown in correspondence they sent to Mr G. I haven't seen anything to suggest that Nationwide has been reporting an incomplete address to the CRA.

I don't underestimate the impact Mr G says the matter has had on him. And clearly, his address is missing the flat number on the CRA's entry of the 3 January 2024 hard search. I note that another lender has also recorded Mr G's address without the flat number. Based on the evidence I've seen so far, I'm not persuaded that Nationwide is responsible for the way Mr G's address is being recorded by the CRA. It follows that I can't fairly hold Nationwide responsible for the problems Mr G has been experiencing since.

Mr G said that Nationwide promised to send him a notice of correction to resolve the matter, but that they didn't do so. I've read through Nationwide's complaint response, which says: "As agreed, I'll send a Credit File Amendment email which will explain we had the correct details on our system". I can see why Mr G might have thought Nationwide would send the notice of correction to him, given that the complaint response is addressed to him.

I contacted the CRA as part of my review, and they confirmed that Nationwide have

contacted them directly and the record of the hard search was subsequently removed from Mr G's credit file. So, I'm satisfied that Nationwide did send a correction, albeit directly to the CRA.

FlexStudent account application

Mr G applied for a FlexStudent account in a telephone call with Nationwide on 18 January 2024. As part of the application Nationwide conducted a soft credit search. Based on the result of the soft search Nationwide said they couldn't offer Mr G a FlexStudent account. Nationwide sent me a transcript of the call. The adviser Mr G spoke to told him that this was an automated decision based on information provided by both Mr G and the CRA.

Article 22 of the UK General Data Protection Regulation (UK GDPR) gives people the right not to be subject to solely automated decisions, including profiling, which have a legal or similarly significant effect on them. In this specific context, 'solely automated' means that the decision-making process is fully automated and excludes any human influence on the outcome. Based on what I've seen, Nationwide's decision was a solely automated one. And I'm satisfied that their decision had a legal or similarly significant effect on Mr G, as it resulted in the automatic refusal of his FlexStudent application.

Importantly, article 22 of the UK GDPR also says that if an individual isn't happy with a decision that was reached using a solely automated process, they can ask for a manual review. The Information Commissioner's Office's (ICO) guidance sets out that it's good practice to explain how someone can do this at the point the automated decision is communicated.

Even though Mr G wasn't happy with Nationwide's decision, I can't see that they've offered him a manual review. And so, I think Nationwide should offer Mr G a manual review now if he still wishes to open the FlexStudent account (subject to him meeting the eligibility criteria for a student account). It's important to bear in mind though that Nationwide aren't obliged to accept every application they receive and so the manual review may not lead to a different outcome.

It's for Nationwide to set their lending criteria – that's a commercial process I can't interfere with. But where an application is declined, the Standards of Lending Practice set out that lenders such as Nationwide here should give the main reason why.

Nationwide told Mr G to contact the CRA if he wanted to find out more about why his application was declined. In some cases, this may be enough – but in the circumstances of this complaint, I don't think it is. This is because Mr G had successfully applied for a Nationwide product only two weeks earlier. I can understand why he was surprised at the decline and sought to understand why.

When the complaint was referred to our service it became clear that Mr G didn't meet Nationwide's internal lending criteria. To be clear, I'm not suggesting that Nationwide needed to disclose their lending criteria or explicitly set out which criteria Mr G didn't satisfy – a lender's lending criteria is commercially sensitive information. But I think Nationwide could have told Mr G in broad terms that the reason for not offering a FlexStudent account was that he didn't meet their lending criteria.

Simply asking Mr G to contact the CRA to find out more set in motion the events I set out earlier in this decision. Mr G concluded that his address not including a flat

number resulted in his FlexStudent account application being declined, and he spent considerable time contacting the CRA and Nationwide to try and correct the record – although this wouldn't have changed the overall outcome.

Mr G was clearly frustrated at the lack of progress trying to resolve the matter. Nationwide's notes show Mr G told them about a mental health condition and how the exasperation with the situation aggravated the condition. Had Nationwide communicated their reason for the decline more clearly, I think most of that could have been avoided. It's important to note here that it's only when Mr G referred his complaint to our service that Nationwide explained that Mr G didn't meet their lending criteria.

I'm also mindful that the Consumer Duty places an obligation on financial services firms to offer helpful and accessible customer support, for example when trying to use a product or service or when sorting out a problem. I'm not persuaded that Nationwide complied with the requirements the Consumer Duty places on them here.

Mr G sought to understand why his application was declined so he could remedy the situation to achieve his financial objectives (opening a FlexStudent account). Nationwide knew that the application was declined due to internal lending criteria, yet they told Mr G to contact the CRA.

In summary, I think Nationwide ought to have been more transparent about the reason they couldn't offer Mr G a FlexStudent account. Overall, I'm inclined to say Nationwide should pay Mr G £250 for the unnecessary trouble they put Mr G through."

Both parties responded and said they accepted my provisional decision.

Nationwide said they'd arrange for the payment of £250 to be made to Mr G's account. They added that Mr G doesn't have an active FlexStudent application, so he'd need to reapply. If he does go ahead and the application is declined for reasons other than eligibility, Mr G can ask for a manual review.

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.

As both parties accepted the provisional decision, I've got nothing further to add – my findings are unchanged from those set out above.

My final decision

For the reasons set out above I'm upholding the complaint. Nationwide Building Society should pay Mr G £250 if they haven't already done so and offer him a manual review of his application (subject to eligibility).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 January 2025.

Anja Gill
Ombudsman