

The complaint

Mr H complains about a search of his credit file that was made by The Co-operative Bank plc.

What happened

Mr H has a bank account with Co-op Bank. He received a notification from a credit reference agency that a new *"identification generic check search"* by Co-op Bank had been made on his credit report in March 2024. Mr H complained to Co-op Bank but it said in a final response letter that it sent to him in July 2024 that it didn't have any evidence of the search that he was referring to. It apologised for the delay in its response to his complaint and said that it had credited his bank account with £25 by way of an apology.

Mr H wasn't satisfied with its response so he contacted Co-op Bank again and he complained to this service. Co-op Bank sent another final response letter to Mr H in August 2024 and said that the search on his credit file related to a soft footprint that is only seen by him viewing his credit file and can't be seen by other companies. It said that it was a procedural occurrence and isn't considered in his applications for credit but it removed the soft footprint from his credit file. It said that it agreed with the point that Mr H had raised and said that it had credited his bank account with £75 by way of an apology. The £75 wasn't credited as expected but Co-op Bank credited it to him later that month.

Mr H's complaint was then looked at by one of this service's investigators who, having considered everything, didn't think that Co-op Bank had acted fairly. She said that she couldn't see that Mr H was provided with information relating to his concern about the search until the complaint response was issued in July 2024 and he feared that his credit file and/or details had been accessed and that he was at risk of being defrauded as a result. She said that, whilst the evidence shows that that wasn't the case, Mr H spent over three months without meaningful contact from Co-op Bank regarding an issue that he was clearly incredibly concerned and distressed about. She recommended that a more reasonable amount of compensation was £200 in recognition both of the amount of worry that Mr H felt and the amount of time that he had to wait for a response.

Neither Mr H nor Co-op Bank accepted the investigator's recommendation so I've been asked to issue a decision on this complaint. Mr H says, amongst other things, that Co-op Bank unlawfully searched his credit file. Co-op Bank says that the audit trail for Mr H's account shows that he tried to access his account three times between 17.34 and 17.42 on 30 March 2024 but his digital password was invalid so at 17.45 it made a digital knowledge authorisation where questions based on his credit file are asked which was recorded as the soft search. It also says that Mr H had the information about it being a soft search from the notice that he received from the credit reference agency and it's not fair or reasonable that it should pay him further compensation because it didn't tell him why the search had been completed (and it was unaware at the time that a soft search was recorded when the digital knowledge authorisation questions were asked).

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.

Co-op Bank has now explained that Mr H had issues logging on to his account on 30 March 2024 and would have been given the option of proceeding by answering some questions based on his credit report or authenticating his account by another method. It says that he would have been told:

"We need to ask you some questions to verify your identity. These questions are generated by a third party company called [name specified], using information from your credit file. This will not affect your credit history and we use this information for verification purposes only".

I'm not persuaded that Co-op Bank acted incorrectly or unlawfully in using Mr H's credit file for the purpose of identifying him, and it has removed the record of the search from his credit file. When Mr H complained to it about the *"identification generic check search"* it said that it didn't have any evidence of the search that he was referring to. Co-op Bank then said that the search was a procedural occurrence and related to a soft footprint that is only seen by him viewing his credit file and can't be seen by other companies. Co-op Bank didn't explain to Mr H what had happened or why a search had been made of his credit file and it only provided that information when it was contacted by this service about Mr H's complaint.

There was a delay in Co-op Bank responding to Mr H's complaint and it apologised for that and said that it had credited his bank account with £25 by way of an apology. It then said that it had credited his bank account with another £75 by way of an apology, but it didn't do so and then credited £75 to him later that month. The investigator said that Mr H spent over three months without meaningful contact from Co-op Bank regarding an issue that he was clearly incredibly concerned and distressed about, so she recommended that a more reasonable amount of compensation was £200 in recognition both of the amount of worry that Mr H felt and the amount of time that he had to wait for a response.

I consider that Co-op Bank's failure to explain to Mr H what had happened or why a search had been made of his credit file will have caused him additional stress and inconvenience that could easily have been avoided. It has paid £100 compensation to Mr H but I consider that it would be fair and reasonable for it to pay him a further £100 to compensate him for that distress and inconvenience.

Putting things right

I find that it would be fair and reasonable in these circumstances for Co-op Bank to pay Mr H a further £100 to compensate him for the distress and inconvenience that he's been caused. I'm not persuaded that it would be fair or reasonable for me to require Co-op Bank to pay Mr H more compensation than that or to take any other action in response to his complaint.

My final decision

My decision is that I uphold Mr H's complaint and I order The Co-operative Bank plc to pay him a further £100 to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 April 2025.

Jarrold Hastings
Ombudsman