

## The complaint

Mr P complains about My Finance Club Limited registering a hard credit search on his credit file when he took out a loan with them. Also, the poor service he received when he asked them to remove it.

## What happened

In June 2024, Mr P went on-line to take out a £400 loan with My Finance Club.

Mr P was surprised and unhappy to subsequently receive notification from Credit Reference Agencies (CRA's) that My Finance Club had completed a hard search on his credit file.

Mr P's surprise was because:

- None of My Finance Club's on-line application screens mentioned that a hard search would be performed

Mr P's dissatisfaction was because:

- My Finance Club didn't ask for his consent to do such a check
- A CRA footprint is detrimental to his credit score

Mr P explained this to My Finance Club and asked them to arrange to have the hard CRA check removed. My Finance Club explained it wasn't a mistake. Mr P disagreed and complained.

My Finance Club didn't uphold his complaint and explained:

- The hard check was a necessary prerequisite to the approval of any lending
- Their website informs customers that a credit check will leave a "footprint" on your credit file. And this is also highlighted *'in section 4.2 of the Consumer Credit Agreement, which you entered into on 12.06.2024'*.

Mr P was unhappy with this response. When bringing his complaint to our service he said:

*'It is not right or honest what they have done, every other company would make it clear on the screen either asking for consent to do a hard search or making it aware it could happen - this did not happen in the process with this company for me if was mentioned anywhere I would have closed the screen on my phone online and not carried on'*

Also, he expressed dissatisfaction with their service saying correspondence was *'purposely awkward and unhelpful'*.

Our investigator considered Mr P's complaint, but her view was that My Finance Club hadn't done anything wrong.

Mr P remains dissatisfied. He considers that our investigator is biased towards financial companies. He pointed out that:

- *'The application process was done on my phone online the pages in the application*

*process at no point did it say do you consent to a Hard search or does it make you aware that a Hard search will be made’.*

- *‘The agreement was sent after application process and funds were sent but also your bullet point doesn’t make it clear to the person if is a hard or soft search!’*

So, this complaint has been passed to me to look at.

### **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.

Having done so, I’m not upholding this complaint, and I’ll explain why. In doing so, I’ve focused on what I think are the important points to reach a final decision.

I should first say that:

- We aren’t the regulator of financial services and do not have the power to interrogate business systems
- Where information is incomplete, inconsistent or contradictory, I must reach a decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available information

I first considered whether Mr P’s expectation, to obtain a loan (from My Finance Club) through a soft CRA check rather than a hard CRA check, was a reasonable one. Although Mr P says *‘A hard search is not necessary and is rarely done’* I’m not persuaded that this is the case, and I don’t think he should’ve automatically expected a soft CRA check only.

This is because lenders are regulated and have a clear responsibility to gather and analyse all available financial information to ensure they make fair and responsible lending decisions. Also, a hard CRA check gives a regulated firm a full picture of a consumer’s finances so they can ascertain that they are able to repay the loan in a sustainable way.

I then considered what information was available for Mr P to see about the type of CRA check My Finance Club say they complete before he applied, and I looked at their website. Their website has a facility for consumers to ask any questions and I typed in *‘credit checks’* and this is what it said:

- Question – *‘Will you perform a credit check?’*
- Answer – *‘Yes, as part of our application process we do perform credit checks. This policy ensures we only grant loans to customers who we believe will be able to comfortably repay what they borrow. As part of the credit check process we will leave an application ‘footprint’ on your credit file’*

As a soft CRA check does not leave a visible footprint on a consumer’s credit report, I think My Finance Club set out their position here, to any consumer either concerned or seeking clarification, on the type of CRA check needed to get a loan.

The information on file doesn’t show the complete on-line journey undertaken by Mr P.

From reviewing the file, including Mr P’s comments, I think that prior to the agreement stage there probably wasn’t a visible message showing the type of CRA check to be undertaken.

My Finance Club have provided an illustration of their *‘loan agreement’* stage and explained their processes. However, Mr P disputes that he ticked on-line boxes at this stage and points out that the agreement was sent after an application process and after the funds were sent.

The agreement importantly tells consumers the following:

- *'They (CRA's) will add to their records about you, details of our search and your application and this will be seen by other organisations that make searches.*
- *Our search of records at CRAs may be linked to your spouse/partner, or other persons with whom you are linked financially. For the purposes of any application or this Agreement you may be treated as financially linked and you will be assessed with reference to 'associated records'.*
- *We may also add to your records with the CRAs details of your agreement with us, the payments you make under it and any default or failure to keep to its terms. These records will be shared with other organisations and may be used and searched by us and them'*

So, I consider it indicates there would be a CRA hard check.

As mentioned above, in this type of dispute, I must decide what, on balance of probabilities, is likely to have happened here.

I think it more likely than not that Mr P saw the agreement prior to agreeing to it. Also, that he agreed to it by clicking the My Finance Club accept link and that by doing so he automatically signed up to it.

I'm not persuaded that a lender would have any other process than the one described by My Finance Club. This is because:

- Consumers would be unlikely to agree to a loan without first seeing the full agreement
- A lender wouldn't be in a position to conduct the checks or hold a consumer to the agreement

I also think it more likely than not that, as described by My Finance Club, before accepting Mr P would've been made aware of a telephone number for 'INSTANT HELP' or he could've made an enquiry using the search function. And as mentioned, this would've also told him the CRA check would leave a footprint.

So, having considered the above, I'm not persuaded that My Finance Club were either unclear or dishonest about the CRA check. And I think it more likely than not that, by viewing the agreement and accepting to proceed, he did consent to a hard CRA check. And there was an opportunity for Mr P to either ask questions or discontinue.

Finally, As Mr P considered My Finance Club responses to his query and requests were *'purposely awkward and unhelpful'* and their representatives had a *'poor attitude'*, I looked at the correspondence on file.

Having done so, I found Mr P's considerations are fundamentally because My Finance Club disagreed with him and he wasn't getting the answers or action that he required, which was to reverse the CRA check.

However, I found My Finance Club to have been clear, courteous and factual in their responses and, bearing in mind my above considerations on the CRA check, Mr P was asking them to reverse a procedure that they had correctly and fairly completed. And My Finance Club have a responsibility to provide accurate reports to CRA's.

Having considered all the above, whilst I understand Mr P's frustration here, I can't see that My Finance Club's actions were either unfair or unreasonable.

So, I'm not upholding this complaint against My Finance Club.

**My final decision**

My final decision is that I'm not upholding this complaint against My Finance Club Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 June 2025.

Paul Douglas  
**Ombudsman**