

The complaint

Mr A complains about the length of time it took Bank of Scotland plc to remove defaults relating to his current accounts from his credit file.

What happened

Mr A held three current accounts with Bank of Scotland. His estate was sequestered in August 2017 – and the bankruptcy was discharged in August 2018. Defaults were reported to Mr A's credit file for each of the accounts. The accounts were closed in January 2019. Mr A contacted Bank of Scotland in November 2023 as the defaults were still showing on his credit file, despite six years having passed since the bankruptcy. Bank of Scotland said it hadn't yet received a copy of his bankruptcy discharge letter, so couldn't remove the defaults from his credit file.

A copy of the discharge letter was sent in January 2024 and Bank of Scotland arranged to remove the defaults. Mr A got back in touch in May 2024, as two of the defaults were still showing on his credit file. He made a complaint and said the defaults had prevented him from obtaining credit at reasonable rates – which was impacting his mental health. Bank of Scotland apologised that not all the defaults had been removed when they should have been. It also acknowledged that it shouldn't have asked for a copy of Mr A's discharge letter – as it wasn't necessary. It paid Mr A £500 to put things right.

Mr A made a further complaint in October 2024 as the two defaults were still showing on his credit file. He said this had caused an application for vehicle finance to be declined. He needed the vehicle for work – and said Bank of Scotland's error had impacted his income and reputation. Bank of Scotland apologised, and agreed to monitor his credit file to ensure the defaults didn't appear again. It paid Mr A an additional £150 to recognise what had happened.

Still unhappy, Mr A referred his complaint to this service. One of our Investigators considered the complaint, but felt Bank of Scotland had done enough to put things right. They were satisfied Bank of Scotland had taken reasonable steps to ensure the defaults had been removed successfully following the most recent complaint. They didn't think there was enough information to suggest that Bank of Scotland's error caused Mr A's credit applications to be declined. Mr A didn't agree and asked for his complaint to be referred to an Ombudsman for a final decision. So, it's been passed to me to decide.

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.

Though I've reviewed and considered all of the information provided by both parties, my decision will focus on what I consider to be the key points of Mr A's complaint. In his submissions to this service, Mr A said Bank of Scotland had breached its obligations to him as set out in the Consumer Duty. In considering this complaint I've considered the relevant law and regulations – including the Consumer Duty – as well as good industry practice and

what is fair and reasonable. Where information is incomplete or contradictory, I've considered what's more likely than not to have happened on the balance of probabilities.

It's not in dispute that Bank of Scotland made an error by not initially removing the defaults when it should have, and that its attempts to remove two of the defaults weren't successful. The defaults should have been removed in August 2023 – when six years had passed since Mr A's bankruptcy. Two of the defaults continued to be reported for more than a year after this. It seems there was an issue causing the defaults to re-appear on Mr A's credit file after Bank of Scotland had removed them. Bank of Scotland says it's confident the defaults have now been removed successfully, and Mr A hasn't suggested otherwise – so it seems the problem has been resolved. I've gone on to consider the impact the situation has had on Mr A and whether Bank of Scotland has done enough to put things right - taking all of the circumstances into account.

Mr A says the defaults affected his ability to apply for credit. He says he wasn't able to obtain the borrowing he needed to purchase a vehicle, and that because he's self-employed this affected his ability to work. He also says the impact to his credit file affected the interest rates available to him on his credit card and mortgage.

Mr A provided a letter from a credit broker, stating that his application for vehicle finance was declined by at least one lender. The letter notes that lenders make decisions in different ways – and that this doesn't necessarily mean other lenders won't accept his application. Though the letter makes reference to the fact that the lenders may use credit reference agencies, it doesn't provide any further detail about why the application was declined.

For me to conclude that Bank of Scotland's errors caused Mr A to be unable to obtain credit, I'd need to be satisfied – on balance – that the defaults were the main reason his application was declined. While lenders will typically consider a customer's credit history – including defaults – they take into account a wide variety of other factors when making lending decisions. The letter Mr A provided doesn't say why his application was declined, and doesn't suggest the application would have been successful if not for the defaults.

While I appreciate Mr A feels strongly that Bank of Scotland's actions have affected his ability to contain credit, I haven't seen evidence to persuade me that the defaults were the main reason for his credit application being declined. Nor have I seen any evidence to suggest that Mr A was unable to obtain reasonable mortgage or credit card rates because of the defaults. So, I can't fairly agree that Bank of Scotland's error caused his Mr A's credit applications to fail. For this reason, I don't think Bank of Scotland needs to compensate Mr A for the additional interest he's paying or the fact that he wasn't able to purchase a vehicle.

I don't doubt that it would've been worrying and frustrating for Mr A to discover that the defaults hadn't been removed when they should have been. And I can appreciate why he'd have been worried that the defaults would affect his ability to apply for credit. Bank of Scotland asking for a copy of his discharge letter unnecessarily would have caused further inconvenience. The fact Mr A needed to raise the matter with Bank of Scotland three times over the course of a year would only have increased the level of frustration.

Bank of Scotland has paid a total of £650 to compensate Mr A for the delay in removing the defaults – and for the incorrect information he was given. Having considered all of the circumstances, I think this is a fair reflection of what happened and the impact the situation had on Mr A. I appreciate this will come as a disappointment to Mr A, but I don't think Bank of Scotland needs to do anything further.

My final decision

For the reasons I've explained, my final decision is that I don't uphold Mr A's complaint about Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 May 2025.

Stephen Billings
Ombudsman