

The complaint

Mr A complains that Lloyds Bank PLC carried out a hard search on his credit file when he made an incomplete current account application.

What happened

On 30 November 2024 Mr A attempted to apply for a current account with Lloyds. There was a technical error with the application, and it didn't complete. However, Mr A subsequently discovered that a hard search had been carried out on his credit file.

Mr A complained to Lloyds. He said he'd had a wasted trip to his branch and had incurred expenses as a result. He asked Lloyds to remove the search and pay compensation.

In its final response dated 6 February 2025, Lloyds said there had been an error within the application portal which resulted in a hard search being incorrectly placed on Mr A's credit file. Lloyds said the error had occurred despite the application not completing at Mr A's end. It apologised for the distress and inconvenience caused to Mr A and the delay in resolving the complaint and offered compensation of £200. Lloyds also said it had requested the removal of the hard search from Mr A's credit file.

Mr A remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said the compensation paid by Lloyds was fair and reasonable.

Mr A didn't agree. He was unhappy at the length of time it had taken to remove the hard search from his credit file. He said that Lloyds had told him it would take 10 days, but it was still showing.

Because Mr A didn't agree I've been asked to review the complaint.

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.

Lloyds has acknowledged that there was an error within the application portal which resulted in a hard search being incorrectly placed on Mr A's credit file. Lloyds has also acknowledged that there was a delay in resolving Mr A's complaint.

I've thought about whether the compensation offered to Mr A is fair and reasonable in the circumstances.

I've thought about the impact that the error has had on Mr A. It's clear that Mr A has been caused significant concern and upset as a result of the search on his credit file. I can see that Lloyds requested for the information to be removed from Mr A's credit file on 31 January 2025, but Mr A has said that as of 20 February 2025 the search was still showing on his credit file.

Mr A has said that he was told by Lloyds that the information would take 10 days to be removed from his credit file. Lloyds has told this service that it can take up to 60 days for amendments to reflect on a customer's credit file.

I've reviewed the final response letter which was sent to Mr A, and it states that the credit file amendment team at Lloyds would take 10 days. However, this is the time period to request the amendment. The time it takes for the credit reference agencies to action the amendment and update the credit file can be up to 60 days. This is why the search was still showing in the 60 days after the amendment request was made.

I've also reviewed the length of time it took Lloyds to respond to Mr A's complaint. Lloyds has acknowledged that it responded outside of the 8 week timescale required by the Financial Conduct Authority.

Having regard to the error made with the hard search and the delays in responding to Mr A's complaint, and the impact this had on Mr A, I think the compensation of £200 offered by Lloyds is fair and reasonable in line with what this service would award. I think this sum fairly reflects the upset caused to Mr A by the hard search and the inconvenience caused by the length of time taken to respond to the complaint.

My final decision

My final decision is that I don't uphold the complaint.

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

Emma Davy
Ombudsman