

The complaint

Mr K complains that Starling Bank Limited erroneously recorded adverse data on his credit file.

What happened

The background to this complaint is well known to both parties, so what follows is a brief summary of events:

- Mr K had an unarranged overdraft debt with Starling Bank, and he entered into arrangements to repay it.
- Starling Bank didn't administer those repayment arrangements correctly; it caused incorrect reporting to Credit Reference Agencies (CRAs).
- Specifically, Starling Bank reported missed payments each month. Instead, it should've reported Mr K's arrangement to pay.
- Mr K complained, Starling Bank upheld the complaint and undertook remedial action to fix Mr K's credit file. It also offered Mr K £150 for the distress and inconvenience he'd been caused.
- Unhappy with that, Mr K approached this Service for an independent review of the matter. He set out the impact to him, explaining that he'd suffered significant mental trauma; Mr K said he'd lost his fiancée as a result of what happened, he told of how his work had been neglected and how he'd fallen into depression.
- An investigator reviewed what had happened. They said that there's no dispute about whether Starling Bank made a mistake or not – it did – and compensation was indeed warranted. The Investigator explained that since Mr K had brought his complaint to our Service, Starling Bank had offered a further £150 – bringing the total amount of compensation to £300. Our Investigator considered that a fair amount in the circumstances.
- Mr K disagreed and asked for an Ombudsman's decision. To resolve things, he thought Starling Bank should pay him much more compensation. Mr K considered an award of between £1,500 and £5,000 to be appropriate.

As no agreement has been reached, Mr K's complaint has now 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.

As our Investigator set out, there's no dispute here about whether or not Starling Bank did something wrong. It's acknowledged that it did, apologised for what happened, and it's taken the required steps to fix what it's reporting to CRAs about Mr K's account. That's good to

see, and I'm pleased to note that those actions – which I'd consider the minimum requirement here – have already been put in motion.

Where that leaves us then, essentially, comes down to compensation. Mr K has a strong view of the matter, which is certainly understandable, and I'm grateful to him for sharing as much detail as he has about the impact. I was very sorry to read what Mr K set out, and I do truly hope that things have improved for him.

By its very nature, the "right amount" of compensation is highly subjective; the value Mr K puts on a particular event, or alleged consequence of Starling Bank's actions, is specific to him alone. Indeed, that is if it's even possible to quantify. Mr K himself has acknowledged this to some degree, I've seen he told our Investigator that he doesn't know if any amount could fix what happened – but he's asking for the maximum.

Setting that aside for the moment, I think it significant to explain at this point that a core aspect of my role here is to look at things objectively, and holistically, basing my findings upon the facts of the matter. Put simply, I must step back from the emotion and, instead, remain impartial.

Looking at what happened through *that* lens, this matter was clearly distressing and inconvenient for Mr K; of that there's no doubt. On the other hand, Starling Bank – once made aware of the situation – did act quickly to resolve it. The bank has shown that it swiftly arranged to make the necessary changes to its CRA reporting. Mr K has said he decided to take time away from work; specifically, he's told us he was "...*afraid to work under stress*". But while I completely understand Mr K taking steps that he considered necessary; I don't have evidence to show this decision was because of Starling's mistake. From the information I have, those are the pertinent facts here.

In summary then, Starling Bank acted quickly, it took the required steps, and Mr K didn't suffer a financial loss because of its mistake. With all of that in mind, in my view, the offer Starling Bank has now made – to pay Mr K a total of £300 compensation – is a fair and reasonable one in the circumstances.

Mr K will no doubt disagree with that, and I do, of course, understand that the ramifications of what happened had a detrimental impact on him. Again, I'm sorry to hear of what he says happened – and I wish him the very best moving forwards. Overall, though, given my obligation to consider this matter impartially, and for the reasons I've explained, I don't require Starling Bank to increase its current offer.

In closing, I find the offer now made by Starling Bank, to pay Mr K £300 compensation, to be proportionate in the circumstances. As I understand it, £150 has already been paid to Mr K; so, Starling Bank should now arrange to pay the remaining £150 – making a total of £300 – as it's offered to do.

My final decision

My decision is that Starling Bank Limited has now made an offer which I consider to be fair and reasonable in the circumstances. If it hasn't already done so, Starling Bank Limited should arrange to pay Mr K £300 compensation in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 May 2025.

Simon Louth
Ombudsman