

The complaint

Mr B complains that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY (NatWest) reported incorrect information to credit reference agencies which affected his ability to obtain credit.

What happened

Mr B applied for a mortgage with a lender in September 2024. His application was declined, and he was told this was due to information on his credit file. After checking his file, Mr B found that a 'query' marker had been applied to his NatWest credit card account in October 2023 and was still being reported. Mr B contacted NatWest and asked it to remove the marker. Mr B says that after the markers were removed, his mortgage application was accepted.

Mr B made a complaint. He said NatWest had unfairly applied a marker to his credit file which had affected his mortgage application, causing him stress, embarrassment and wasted time. He also recalled that he'd applied for motor home finance with a different lender in February 2024 which was declined. This meant he had to obtain credit elsewhere at a higher interest rate. He believed this was due to the incorrect marker on his file. He asked NatWest to reimburse the additional interest he'd paid because of the marker.

NatWest accepted it had made an error. It said a query marker would normally be applied when a customer disputed a transaction, to make it clear to lenders that the balance being reported on the account might not be accurate. It said the marker on Mr B's file should have been removed after the dispute was resolved, but this didn't happen. It said a marker of this type isn't intended to be detrimental, but it couldn't control how credit reference agencies or other lenders interpreted it. It offered a total of £1,000 to compensate Mr B for the distress and inconvenience caused by its error. It didn't think there was enough evidence to suggest that its error caused Mr B a financial loss.

Still unhappy, Mr B referred the complaint to this service. One of our Investigators considered the complaint but didn't uphold it. They were satisfied NatWest's offer of £1,000 was fair in the circumstances, and didn't think Mr B had shown its error had caused a financial loss. Mr B didn't agree and asked for the 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.

I can understand why Mr B feels let down by NatWest here. It recorded inaccurate information on his credit file, which naturally caused him some confusion and frustration. It's not in dispute that NatWest made an error, and that the query marker shouldn't have remained on Mr B's credit file. I've considered whether NatWest has done enough to put things right for Mr B in the circumstances. I've also considered whether NatWest is responsible for the additional interest Mr B says he's paid because of its mistake. Where

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

Mr B says that the inaccurate information on his credit file caused his mortgage application to fail and caused another lender to turn down his motor home finance application. Lenders typically take a wide range of factors into account when deciding whether to lend, and what rate to offer a customer. And each lender will weigh the information it receives about its potential customers differently. For me to agree that NatWest caused Mr B a financial loss, I'd need to be satisfied that its error was the main reason his applications were declined.

NatWest doesn't dispute that the marker likely complicated Mr B's mortgage application. The marker was discovered during the course of this application, and I understand the application was accepted shortly after the marker was removed. While I haven't seen any comments from Mr B's mortgage provider or broker to suggest that the marker was the sole reason the initial application failed, I'm reasonably satisfied it likely complicated and prolonged the process.

Mr B says he initially applied for motor home finance at a rate of 8.9%. When this was declined, he had to apply with another lender and could only secure a rate of 12.9%. He's provided evidence of his initial application, including a screenshot provided by his broker with details of the proposed finance arrangement and evidence of a credit search carried out by the lender. Mr B says he's made successful motor home finance applications with the same lender both before the marker was applied and since it was removed.

I've considered the evidence provided by Mr B. While the evidence shows the application was processed, it doesn't include any information about why it was declined. I can understand why Mr B feels that the marker caused his application to fail. But a lender's criteria can fluctuate frequently and depends on a vast range of factors, and a customer's credit file is just one of the things a lender will consider. So, it's extremely difficult to determine what caused the application to fail without direct evidence from the lender confirming this. Unfortunately, the lender was unable to provide any further details about its decision due to the passage of time, so I can only consider the evidence that is available. Based on the available evidence, I'm not persuaded – on the balance of probabilities – that NatWest's error was the sole reason Mr B's motor finance application was declined. So, I don't think NatWest is responsible for the fact that he had to borrow at a higher rate elsewhere.

NatWest has offered £1,000 to recognise the distress and inconvenience caused by its error. Having incorrect information recorded on his credit file no doubt caused Mr B avoidable stress, confusion and worry. Mr B was going through a mortgage application at the time, so I don't doubt the error caused him significant inconvenience. While I can't say with any certainty that Mr B's initial mortgage application was unsuccessful solely because of NatWest's error, it likely complicated things and delayed the matter for Mr B.

Taking all of the circumstances into account, I think NatWest's offer of £1,000 is fair considering the impact its error had on Mr B. And for the reasons I've explained, I haven't seen evidence to persuade me that the error caused Mr B a financial loss or that NatWest needs to reimburse the additional interest he's paid. I appreciate this will come as a disappointment to Mr B, but I'm satisfied NatWest's offer fairly puts things right for him and I don't require it to do anything further.

My final decision

My final decision is that I don't uphold Mr B's complaint about NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 July 2025.

Stephen Billings
Ombudsman