

The complaint

Mr H has complained about the information Lloyds Bank PLC has recorded on his credit file.

What happened

Mr H held a loan account with Lloyds, which defaulted and formed part of his bankruptcy in October 2019. The bankruptcy was discharged. However, Mr H contacted Lloyds after discovering it was still reporting his loan account was still in default.

On several occasions, Lloyds told Mr H the default should not still be on his credit file. However, Lloyds' final response of 8 April 2025 clarified that the default would be recorded on his credit file for six years, so should drop off his credit file in October 2025. Lloyds sent Mr H a cheque for £125 to compensate him for being incorrectly told that the default shouldn't be on his credit file.

Unhappy with Lloyds' response, Mr H referred his complaint to our service. He provided a letter from the Insolvency Agency who said his creditors should update their records to show the debt was partially or wholly settled or satisfied.

One of our investigators reviewed Mr H's complaint and said Lloyds had recorded the account as in default correctly, so it would be recorded on his credit file for six years. The investigator thought Lloyds' offer of £125 compensation fairly recognised the impact of the incorrect information Lloyds gave him. Mr H remained concerned his credit file continued to show his account was in default. As Mr H remained unhappy, his complaint was referred to me for a decision.

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 is obliged to ensure Mr H's credit file is a true and accurate record of the state of his account. In reviewing this complaint, I've only been able to review Lloyds' actions until the date of its final response of 8 April 2025, which responded to his complaint that it recorded his account in default. I've not considered any other information recorded by Lloyds on his credit file, such as the outstanding balance recorded, or any information recorded after 8 April 2025. If Mr H has any concerns about these, he should contact Lloyds directly.

Lloyds recorded the loan account as in default in October 2019, which I think was reasonable as it formed part of Mr H's bankruptcy. Once the bankruptcy was discharged, Lloyds said it updated its records to show the default was satisfied. This means it still showed the account as in default, but shows Lloyds weren't pursuing the outstanding balance. This information will be recorded for six years from the date of default. It may be that other lenders took a different approach but, from the information I've seen, I don't think Lloyds has recorded any information incorrectly.

Lloyds has acknowledged it was wrong to tell Mr H the default shouldn't be showing on his credit file and offered him £125 compensation. In the circumstances, Mr H was likely to be disappointed that the default would show on his credit file, but I think Lloyds made things harder by giving him conflicting information. Overall, I think £125 fairly recognises the impact of giving Mr H this incorrect information. It's unclear whether Mr H has already cashed the cheque. If he hasn't already done so, Lloyds should talk to him about the best way to arrange for the compensation to be paid. If the cheque has been cashed and Mr H has received the £125 compensation, no further compensation is payable.

My final decision

I uphold this complaint and require Lloyds Bank PLC to pay Mr H £125 if he has not already received this compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 December 2025.

Victoria Blackwood
Ombudsman