

The complaint

Mr R complains that Arnold Clark Automobiles Limited, trading as Arnold Clark, continued with an application for a Hire Purchase Agreement despite Mr R cancelling the application. Although Arnold Clark has removed credit searches from Mr R's credit file he would like compensation for the distress and inconvenience.

What happened

Mr R said that he first applied for a Personal Contract Purchase (PCP) but as this was declined Arnold Clark then offered him the option of a Hire Purchase Agreement. Mr R originally said he wanted to proceed with this but in the early hours of the following day he changed his mind. He emailed Arnold Clark to confirm this but it went ahead with the finance application leading to multiple hard searches on his credit file .

Mr R says Arnold Clark's actions have given him issues in seeking credit. Whilst he appreciates it has removed the credit searches from his credit file he feels he should be compensated for the distress and inconvenience caused as his health has been affected.

Arnold Clark said it had apologised and rectified Mr R's credit file. However, it felt as Mr R hadn't suffered any financial loss, that no compensation was due.

Our investigator didn't uphold the complaint. He found that Arnold Clark had acknowledged its mistake but had appropriately rectified Mr R's credit file so no further action was needed.

Arnold Clark accepted this view but Mr R didn't.

Mr R reiterated the long term damage to his credit score, failure to obtain credit as a result of the hard searches, that Arnold Clark breached GDPR regulations in continuing with his application and its failure to engage with him properly.

I issued a provisional decision in which I concluded :-

- There was no dispute that Arnold Clark continued to process a finance application for an HP Agreement despite Mr R having emailed to say he didn't want to go ahead. This resulted in multiple searches on Mr R's credit file.
- Arnold Clark has since rectified Mr R's credit file which I thought was appropriate as it accepted it shouldn't have continued with Mr R's application.
- The main issue I had to consider was the impact of Arnold Clark's actions on Mr R and if any compensation was appropriate.
- Mr R evidenced failed credit applications after Arnold Clark started the process of seeking finance for a Hire Purchase Agreement. He felt these applications failed due to the hard credit searches showing on his credit file as a result of Arnold Clark's actions.

- I accepted the hard searches on Mr R's credit file probably didn't help with future credit applications. However, I couldn't be sure that Mr R's credit applications failed solely due to Arnold Clark's actions.
- I said that because I noted that Mr R originally applied for PCP finance through Arnold Clark but this application was declined. That suggested to me that there were already issues either on Mr R's credit file or with other factors that lenders typically take into account when considering credit applications. So Mr R's credit applications may have failed for the same reasons the PCP application failed.
- Whilst I agreed with Arnold Clark that it has correctly amended Mr R's credit file and there was no actual evidence of loss to Mr R, I was surprised it didn't feel it appropriate to offer some compensation for the distress and inconvenience caused.
- I thought wrongly continuing with Mr R's HP application after he changed his mind so quickly caused both distress and inconvenience to Mr R. The hard searches on his credit file were, I think, an understandable source of stress for him, and he had to go through a formal complaint process to get this resolved.
- In terms of Arnold Clark not being responsive in its communications I could see from the customer contact information that Mr R had to chase Arnold Clark several times for a reply. I pointed out it can take a while to respond to queries however I didn't doubt the frustration caused.
- In terms of Mr R's concern about Arnold Clark breaching data regulations in continuing with his application I thought it might be more appropriate for Mr R to raise this with the Information Commissioner's Office (ICO).
- I wasn't sure if Mr R's health issues were caused or exacerbated by Arnold Clark's actions, however I appreciated having to deal with the credit file issues wouldn't have helped with the health issues Mr R evidenced.
- In summary, whilst I agreed that Arnold Clark took appropriate action in rectifying Mr R's credit file I thought some compensation for the distress and inconvenience caused to Mr R in having to go through a complaint process for this to happen was reasonable.
- My provisional decision was that Arnold Clark should pay Mr R £100 for the distress and inconvenience caused.

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.

Both Mr R and Arnold Clark have responded to my provisional decision which Arnold Clark accepted but Mr R didn't.

I have considered very carefully the comments Mr R has made. I haven't responded to every single point Mr R has made but that doesn't mean that I haven't considered them carefully.

The information and points Mr R has made are ones that I was already aware of when I made my provisional decision. It doesn't seem to me that Mr R disagrees with my assessment and the reasons for it, the main issue seems to be the level of compensation.

I acknowledged in my provisional decision that Arnold Clark made a mistake and that it would have been frustrating for Mr R to have gone through the complaint process to get this issue resolved.

I don't agree with Mr R that Arnold Clark were wrong to refer him to our service – businesses have an obligation to make consumers aware of our service when they issue final response letters (frl) and complaints can be logged with us prior to a frls being issued.

I also don't agree that the credit searches Arnold Clark initiated were the only reasons that Mr R's future credit applications were declined. He has told us that prior to his engagement with Arnold Clark no credit applications had been recently declined.

However Mr R's first application with Arnold Clark was declined so, as I found in my previous decision, there must have been other issues with his credit file or with other factors that lenders typically take into account that caused that application to be declined. And these factors may well have been the reason future credit applications were unsuccessful.

I accepted in my provisional decision that Mr R had evidenced some impact on his health and I took this into account when issuing my view – it was an important point to consider.

I appreciate Mr R doesn't feel the level of compensation I proposed in my provisional decision was high enough. He has referred to guidelines our service provides on redress. These are general guidelines and we look at complaints individually to consider what is appropriate in each case.

When we look at redress we aim to put consumers back in the position they would have been in if a mistake hadn't been made. In this case Arnold Clark has done this by amending Mr R's credit file and apologising which I think was the most important thing to do.

We also consider financial loss but in this case none has been evidenced.

In terms of the impact on Mr R, I was of the view, and still am, that Arnold Clark's actions did cause some distress and inconvenience to Mr R. Although the medical information Mr R provided to us didn't specifically refer to the issues with Arnold Clark it was obvious from what he did share that having to get his credit file sorted would have added to his stress.

However taking into account all of the factors in this case I am still of the view that a compensation payment of £100 is fair in this case.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement Arnold Clark Limited should pay Mr R £100 compensation for the distress and inconvenience caused by wrongly continuing with his credit application.

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

Bridget Makins
Ombudsman