

The complaint

Mr K complains that National Westminster Bank Public Limited Company recorded incorrect information on his credit file.

What happened

Mr K held a credit card with NatWest. NatWest failed to collect his direct debit payment for August 2025. Mr K complained to NatWest that it reported a missed payment to the credit reference agencies whilst he was applying for a mortgage. As a result of his lowered credit score, he said he had to take a more expensive mortgage product.

In response, NatWest accepted it had made an error in not collecting his August 2025 direct debit and would remove this missed payment marker from his credit card. NatWest let him know it could take six to eight weeks for his credit file to be updated. It also paid him £150 compensation to recognise the inconvenience caused.

Unhappy with this response, Mr K referred his complaint to our service. NatWest told our service it received a complaint about the missed payment marker in September 2025 and it sent the amendment to his credit file the next day. NatWest confirmed his credit file had since been updated and offered an additional £100 compensation.

Mr K didn't accept the additional compensation, saying NatWest caused him considerable distress, inconvenience and harm. He felt the time it took NatWest to amend his credit file was unacceptable. Mr K accepted he could not pursue compensation for the more expensive mortgage product he took out.

One of our investigators told Mr K that she thought the additional £100 compensation offered by NatWest was fair in all the circumstances. Our investigator explained that as NatWest had admitted its error, she only needed to decide whether it had taken reasonable steps to sort things out. She said NatWest had responded promptly to Mr K's complaint and had done everything she would have expected it to do. She said NatWest's final response could have been used as part of Mr K's mortgage application, and she couldn't agree its actions were the cause of Mr K getting his desired mortgage offer.

Mr K said the core of his complaint was that the missed payment was reported to the credit reference agencies, causing him reputational harm and financial prejudice during a mortgage application. At his request, this complaint was referred for an Ombudsman's 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.

Mr K has asked for a proper focus on NatWest's error in recording a missed payment on his credit file. NatWest admitted it made an error in not collecting Mr K's direct debit in August 2025 and has removed the adverse information from his credit file. So, the only issue

for me to decide is whether its offer of £100 additional compensation, bringing the total payable to £250, reasonably reflects the impact caused by the late payment marker.

Mr K says its error caused him a financial loss, but he has accepted he isn't able to prove or quantify this. As there is no proven loss to compensate him for, I've considered the distress and inconvenience caused.

Mr K says he was caused reputational harm, but he hasn't provided evidence of this. I accept he was caused some distress and inconvenience. Whilst Mr K was caused inconvenience in having to raise the matter with NatWest, I think this was mitigated by NatWest quickly providing confirmation, in writing, that it would remove the late payment marker from his credit file once it had been alerted to the impact this had on his credit file. I accept he was caused some distress, but he was assured, promptly, that the situation would be resolved.

Mr K says the correction process was unreasonably slow and I accept it took some weeks for his credit file to be amended after his complaint was raised. NatWest explained, correctly, that it usually takes six to eight weeks for credit reference agencies to update a credit file. It provided confirmation that the adverse information would be removed in the meantime.

I realise my decision will likely disappoint Mr K but, having considered this complaint carefully, I am satisfied that a total of £250 compensation reasonably reflects the distress and inconvenience caused by NatWest's actions. As £150 has already been paid, only a further £100 is payable.

My final decision

My final decision is that National Westminster Bank Public Limited Company should pay Mr K a total of £250 compensation.

£150 compensation has already been paid. If it has not already paid the additional £100 compensation, it should pay this to Mr K.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 May 2026.

Victoria Blackwood

Ombudsman