

The complaint

Miss R is unhappy that BMW FINANCIAL SERVICES (GB) LIMITED (who I'll call BMWFS) have reported more than one hard search on her credit file.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

After Miss R was approved for a hire purchase agreement by BMWFS she discovered they had recorded two hard searches on her credit file. She complained to them.

BMWFS explained that the retailer had made a mistake with the address on the application form they'd processed for Miss R. When they amended the address a second search was reported. They offered Miss R £100 in respect of the distress and inconvenience that caused.

Miss R referred her complaint to this service and in the meantime BMWFS increased their offer of compensation to £150. Our investigator thought £275 was a better reflection of the distress and inconvenience caused over the lengthy period the search remained in place.

Miss R disagreed, so her complaint has been referred to me, an ombudsman, for a final 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.

I agree with the investigator's view of this complaint, for broadly the same reasons.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

There is no dispute that BMWFS recorded two hard searches when only one should have been recorded. A hard search can have a short-term impact on a consumer's credit profile and lenders may take the number of recent searches into account when assessing applications. I'm satisfied this error had the potential to cause inconvenience and concern.

The duplicate search remained on Miss R's credit file for around a year. That is not insignificant even if the practical credit impact may have reduced over time, the presence of inaccurate data for that length of time would reasonably cause frustration and worry.

I have carefully considered Miss R's assertion that the additional search led to a failed mortgage application. However, I haven't seen persuasive evidence that this was the determining factor in the lender's decision. Mortgage underwriting decisions are typically based on a range of considerations, including income affordability assessments, overall indebtedness, credit history and lending criteria at the time. In the absence of clear evidence from the lender confirming that the additional search was the reason for the decline, I can't safely conclude that BMWFS's error caused that outcome. I'm therefore not persuaded that compensation for a lost mortgage opportunity would be appropriate.

I've also taken into account the inconvenience caused when BMWFS directed Miss R to the credit reference agency. Where a firm has made an error in reporting information, it would generally be reasonable to expect it to take ownership of correcting that error directly with the credit reference agency rather than placing the burden on the consumer. That would have added to the inconvenience Miss R experienced.

I've considered the telephone calls Miss R has referred to which she says shows she alerted BMWFS to the duplicate search at an early stage. Even if I accept that she did raise the issue promptly, that doesn't materially alter the overall impact of what happened. The key factors remain that an incorrect hard search was recorded and remained on file for around a year and that Miss R experienced avoidable inconvenience in getting the matter resolved.

Taking everything into account - the duplicate hard search, the length of time it remained on file, the understandable distress and inconvenience caused, and the way that it was handled - I'm satisfied that £275 represents fair compensation in the circumstances. While I appreciate Miss R feels the impact was greater, I haven't seen sufficient evidence to justify a higher award.

So, BMWFS should pay Miss R £275 in compensation to resolve this complaint, but I don't require it to do anything further.

My final decision

For the reasons I've given above, I uphold this complaint and tell BMW FINANCIAL SERVICES (GB) LIMITED to pay Miss R £275 in compensation for the distress and inconvenience they've caused. They can deduct anything they've already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 24 March 2026.

Phillip McMahon
Ombudsman