

The complaint

Mr H complains that Nationwide Building Society ('Nationwide') didn't remove a default from his credit file when they said they would, which caused him problems. Mr H is seeking compensation of around £11,300.

What happened

In May 2025 Mr H started planning to buy a house, using gifted proceeds from another property sale and a mortgage arranged through a broker. In May 2025, Mr H used a credit-file checking service to review the information recorded by the three main Credit Reference Agencies ('CRAs').

In early July 2025, Mr H obtained a detailed credit report from one of the CRAs. He noticed Nationwide were still reporting a default registered in March 2024, even though they had agreed to remove it in June 2024.

Nationwide apologised, removed the default, and paid Mr H £150. They didn't agree to pay more because they weren't convinced their delay had caused Mr H financial loss. They pointed out Mr H's credit file showed other (albeit older) defaults from other lenders.

Mr H referred his complaint to the Financial Ombudsman Service. He said Nationwide's default caused him considerable distress and seriously affected his ability to secure a favourable mortgage rate. He said his credit score increased markedly when Nationwide removed the default on 24 July 2025, and he provided a Nationwide "Decision in Principle" showing he became eligible for better rates immediately. He estimated his losses at around £11,300.

Our investigator reviewed evidence from both sides. He noted Nationwide had paid Mr H £75 in 2024 for misinformation about the default, and £150 for the delay in removing it. He recommended Nationwide increase their compensation to £500.

Nationwide agreed. Mr H didn't. He felt the offer downplayed his financial loss and overall distress, and asked for an ombudsman's decision.

My provisional decision

I recently sent the parties my provisional decision, saying:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I am minded to reach the same conclusion as our investigator, and I'll explain why. But I intend to say that the £75 paid in June 2024 for misinformation in February 2024 is a separate issue and shouldn't be included within the £500 compensation for the delay in removing the default.

Buying a home — especially in a chain — is well-recognised as one of life's most stressful experiences. I think this is because there are many variables: delays, financial uncertainty, lender decisions, time pressures, and the stresses of everyday life on top. I have considered the factors influencing Mr H's mortgage options at the time, including the advice from his broker and solicitor, and what was happening on his credit file.

Mr H used a credit score checker to provide an overview of his credit file when arranging his mortgage and he's shared this with me. I can see that in May 2025 one of the CRAs was reporting a default from March 2024 which was marked satisfied in August 2024. The second CRA was showing no default. The third CRA's information wasn't included in his check, so Mr H didn't realise they were also reporting the March 2024 default until he obtained his full credit file from them on 7 July 2025.

I'll just pause here to answer Mr H's question about whether Nationwide accidentally amended the date of his default to 2024 instead of removing it. I don't intend to get too sidetracked by this, but I can see from Nationwide's records that Mr H was sent a default notice in December 2023 so it seems correct to me that the default was registered in 2024, and not as early as 2020.

I've seen evidence that Mr H asked his broker what difference Nationwide's default had likely made to his mortgage options. Mr H also mentioned his credit file didn't accurately record his address. Mr H's broker said removing Nationwide's default could help, but warned there was still a chance Mr H wouldn't meet high-street lending criteria and might have to use specialist lenders anyway.

On 24 July 2025, once the default was removed, Mr H obtained a Decision in Principle for a Nationwide mortgage. There's evidence his solicitor warned there was a risk a full application might not be approved before the end of August 2025, when the chain expected to complete. The timeframe for Nationwide's application was 9 – 15 working days, putting their decision around mid-August 2025.

Mr H emphasised the pressure of the chain, the emotional expectations of everyone involved, and his limited time. He felt he couldn't risk waiting to see whether Nationwide would offer him a mortgage in time, which I can understand. Mr H chose instead to proceed with the mortgage arranged by his broker, which carried less favourable terms. He now asks me to award him the sums he believes he lost – which he estimates at around £11,300. I acknowledge Mr H says he has mitigated his loss and this figure could have been higher.

To make such an award, I would need to be satisfied both that Nationwide caused the financial loss and that the loss is evidenced. On the information available, I'm not minded to say I can conclude with reasonable confidence that the delay in removing the default was the sole or primary reason for the mortgage terms Mr H ultimately accepted.

I'm mindful that Nationwide may have declined to give Mr H a mortgage when considering a full application, even after issuing the Decision in Principle. So I'm not persuaded there is reliable evidence Mr H would have obtained more favourable mortgage terms — even if the default had been removed by August 2024 as intended, or earlier in 2025. Given this, I'm not currently satisfied it would be fair to award compensation for financial loss.

I am minded to say Mr H experienced significant distress on discovering Nationwide hadn't removed the default when they should have, and I am inclined to say this added to the pressure of an already stressful situation. I've considered that Mr H was very anxious about what could have happened if he hadn't discovered it when he did – but I've also borne in mind that he did discover it in July 2025, and it was removed the same month.

I am minded to agree with our investigator that £500 for distress and inconvenience is appropriate here and in line with our guidelines to compensation — but I intend to say credit shouldn't be given for the £75 paid in 2024, as this related to misinformation during an earlier call in February 2024.”

Responses to my provisional decision

Nationwide agreed with my provisional findings.

Mr H said he'd been unaware of Nationwide's default until he paid for a copy of his credit file with one of the CRAs in July 2025, on their premium service. He said this had not shown up on other services when he'd made enquiries in May 2025. He said his mortgage broker had also not identified Nationwide's default as this had been hidden. Mr H questioned how this glitch was possible.

Mr H invited me to find that on a balance of probability he would likely have been accepted for a Nationwide (or other high street lender) mortgage, had Nationwide's default been removed in August 2024. He said to suggest a full application was not a certainty, despite a confirmed Decision in Principle and a professional broker's assessment, fundamentally misinterprets how the mortgage market functions.

Mr H said it was wrong to rely on the possibility that his full mortgage application would have failed when he was actually approved with a specialist lender who had sight of his 2020 defaults. Mr H also referred to his loan to value ratio.

Mr H reiterated how he had no other reasonable option than to proceed with his house purchase. He asked that I reconsider his financial loss, given he'd had to take a higher mortgage rate for two years.

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 have considered the points Mr H has made about his financial loss. I recognise this will be a disappointment for Mr H but I am not persuaded to depart from my provisional decision about how this complaint should be resolved.

Mr H refers to a technical glitch which meant Nationwide's default did not appear on the credit-checking services he used in May 2025, and that his broker didn't see it either. I can't comment on any problems with third-party services because my role is limited to considering Mr H's complaint against Nationwide. However, I reviewed one of the May 2025 documents Mr H relied on when reaching my provisional decision, and I found the default was reported at that time. The CRA in the third column of the document reported Nationwide's March 2024 default and stated that this would remain on Mr H's credit file until March 2030.

I accept that removing a default would generally improve a person's chances of securing a mortgage offer. But this doesn't mean Mr H would probably have been approved for a mortgage with a high street lender if Nationwide's default had been removed earlier.

I don't agree the warning given by Mr H's broker was simply a formality – there is always a real risk that a full mortgage application will be declined. A Decision in Principle is only an initial indication and doesn't involve a full lending assessment, so I don't consider it strong evidence that Nationwide or another high-street lender would have approved a full mortgage application.

Even if I were persuaded that a high street lender would likely have approved a mortgage application, I don't have enough evidence to say what interest rate Mr H would have been offered.

Mr H points out that a specialist lender carried out a rigorous manual underwriting assessment and was willing to lend despite his older defaults. I don't find this comparison helpful. Specialist lenders often accept higher levels of risk but charge much higher interest rates to reflect this.

I recognise Mr H isn't being mercenary. He has put forward his best estimate of loss, supported by thoughtful and transparent analysis. I understand that he is seeking compensation for a loss of opportunity. However, based on the evidence available, I can't reliably assess either the likelihood or the value of that loss. In the circumstances, I don't agree it's fair to direct Nationwide to pay compensation for this.

This leads me to conclude that I will uphold Mr H's complaint but only to the extent I set out in my provisional decision: Nationwide should pay Mr H £500 for his distress and inconvenience for the late removal of the default.

I acknowledge Mr H says the removal was delayed for 13 months, so £500 feels a low sum to him, but I've borne in mind he was only aware of the incorrectly reported default for a short period before it was removed. I am satisfied that £500 is a fair sum of compensation in the circumstances, and in line with our published guidelines.

I hope Mr H will understand, given everything I've explained here and in my provisional decision, why I've made the final decision that I have. Mr H does not have to accept my final decision, in which case it is not binding on him or Nationwide.

Putting things right

Nationwide Building Society must pay Mr H £500 for his distress and inconvenience in relation to the late removal of the default. As £150 has already been paid in relation to this complaint, a further £350 should be paid to Mr H.

My final decision

For the reasons I've given, Nationwide Building Society must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 May 2026.

Clare Burgess-Cade
Ombudsman