

complaint

Ms M complains that NewDay Ltd trading as Aqua (NewDay) was slow to remove information about a fraudulently opened account from her credit file.

background

In December 2014, Ms M was the victim of an identify fraud. Someone opened a credit card account in her name. In May 2015, Ms M accessed her credit file and became aware of the fraud. So she contacted NewDay and asked it to close the account and remove the information from her credit file. She also wanted NewDay to place a protective marker on a fraud database.

In January 2016, the information was still showing on Ms M's credit file and so she complained to NewDay it again.

NewDay confirmed that Ms M had contacted it June 2015 to say the account had been opened fraudulently. As it happened, a fraud block was placed on the card when the account had been opened. NewDay said it next heard from Ms M in March 2016 (Ms M has provided a copy of a letter she sent in January 2016) when she wrote to it again asking it to remove the information from her credit file.

But it was only after this service contacted NewDay to let it know it had received a complaint from Ms M that NewDay confirmed to Ms M that the information had been removed from her credit file.

NewDay said it had stopped reporting to the credit reference agencies sometime between December 2014 and July 2016. It said it couldn't say whether a fraud database marker had been registered as such warnings fall away after a year.

Ms M asked us to look at her complaint. Our adjudicator upheld Ms M's complaint. He thought NewDay should've acted more quickly both in its responses with Ms M and more importantly in removing the information from her credit file. He asked NewDay to pay her £200 to compensate for these delays.

NewDay agreed to do this. Ms M felt that NewDay should pay more compensation. She said she hadn't been able to re-mortgage her properties when she had wanted to - due to the negative impact that the account had on her credit file. And she's worried that, even though the information has now been removed and her credit score has improved, she will continue to be negatively impacted by the entry – so she wants a fraud marker placed on her credit file. She also wants the application form completed by the fraudster to be sent to her. And she said all of this has caused her unnecessary stress at an already difficult time in her life.

The matter has been passed to me to review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can appreciate how distressing being the victim of fraud would have been for Ms M and I can understand her wish to have all traces of the fraudulent activity deleted from her credit

file. I can also understand how frustrating it would have been for her to have to repeatedly contact NewDay about this, only to find it continued to report the information to her credit file.

It's not very clear from what NewDay has told us when the information was eventually removed from Ms M's credit file. I think it more likely than not that the information wasn't removed until around June/July 2016 as Ms M was still pursuing the removal of the entry in July 2016 and it wasn't until July 2016 that the account was fully blocked.

I can see from NewDay's system notes that Ms M made it aware of her concerns about the application back in June 2015. I think NewDay should've acted more quickly in resolving matters for Ms M and NewDay now accepts that is the case. The information has now been removed from Ms M's credit file and NewDay has agreed to pay £200 compensation. But Ms M thinks she should get more than this.

I acknowledge that Ms M says her credit rating was damaged by the existence of the card on her credit file, even though it seems no money was ever spent on the card and no debt or arrears accrued. Ms M has told us she couldn't re-mortgage her properties. She explained she didn't actually apply for the mortgages as her credit rating was so low at the time and so she can't evidence the fact that she was put in this position.

However, I'm not satisfied on the evidence provided that Ms M was precluded from preferential rates because of the NewDay account appearing on her credit file. Financial institutions take many factors into account when deciding to offer credit and at what rates. So it would be difficult to conclude here that Ms M couldn't get the rates she wanted solely because of the information NewDay was reporting to the credit reference agencies – particularly when seemingly it wasn't reporting any negative information.

Ms M also wants a protective fraud marker added to her credit file. But the fraud database is a system operating between banks to allow for information about fraudsters to be shared. There is the possibility of a protective marker being added to the database to provide additional protection for customers of businesses who have been the victim of fraud.

But that wouldn't have an impact on Ms M's credit score and the entry wouldn't be reflected on Ms M's credit file. NewDay said it can't now make such a registration on the database given the time that has elapsed since the account was opened. So in the circumstances, I don't think I can ask NewDay to do anything further here. However, if Ms M remains concerned, she can herself register with the fraud database.

I know Ms M would like to see a copy of the fraudulent application. NewDay has said it doesn't consent to the disclosure of the document to Ms M. This is because the actual account opened isn't hers and it cannot be sure all of the information provided related to Ms M. So it says it cannot share data from the account. I don't think NewDay are being unreasonable here.

But I do think NewDay could and should have responded more quickly to Ms M's concerns here. Having considered all of the circumstances, I think £200 is the appropriate level of compensation to reflect the distress and inconvenience experienced by Ms M.

my final decision

My final decision is that to settle this complaint, NewDay Ltd trading as Aqua should pay Ms M £200 to compensate her for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 23 January 2017.

Siobhan Kelly
ombudsman