

complaint

Mrs H complains that Nationwide Building Society recorded her credit history incorrectly. This meant she was unable to obtain credit and her husband had to take out loans on less favourable terms. Mrs H also complains that the incorrect entry in her credit history also caused her significant worry and upset.

background

Mrs H had a mortgage with Nationwide. In September 2009 she was declared bankrupt and an official receiver included her property in the bankruptcy estate. In July 2011 Nationwide obtained possession of the property. And the following February it sold it. There was a shortfall of £33000 which Nationwide was unable to recover from Mrs H due to her bankruptcy. It therefore marked her mortgage account as 'settled'.

In September 2015 Mrs H complained to Nationwide. She said that no default should have been applied to her account from the date that she was made bankrupt. Nationwide disagreed. Initially it said that the relevant date was when it obtained possession of the property; later it said it was when it sold the property. Nationwide did offer to pay £50 to Mrs H because it had given incorrect information and £50 because it had failed to call her back within a specified time period.

Mrs H didn't accept this and she complained to the Financial Ombudsman Service. She said that she had been unable to borrow money in her name. And her husband had been forced to take out a loan which was more expensive. An adjudicator said that Nationwide should have registered the default date on the mortgage account as the day that Mrs H was made bankrupt. This meant that Nationwide should have removed any reference to mortgage arrears on Mrs H's credit record file six years afterwards – that is, in September 2015. The adjudicator was unable to conclude that Mrs H had incurred additional borrowing costs because of Nationwide's mistake. But the adjudicator did say that Nationwide should have to pay an additional £100 to Mrs H for her trouble and upset.

Nationwide has agreed to amend Mrs H's credit record and to pay her an additional £100. But Mrs H doesn't accept this. And she's asked an ombudsman to look into it. Mrs H says that having the incorrect entry on her credit file for an additional seven months has caused her '*great angst and upset and embarrassment*'. And the prospect of having this incorrect entry for a further three years was 'really upsetting'. Mrs H also says how hard it has been to persuade Nationwide that it was in the wrong and not her.

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'm afraid that I'm likely to disappoint Mrs H as I agree with the adjudicator. I think that Nationwide made a mistake when it applied the wrong date to her credit file. But I don't think it should have to pay her more than £100 compensation for her trouble and upset.

I'm satisfied that Nationwide should have set the default date as being when Mrs H was declared bankrupt. And I think it's fair that Nationwide should remove any reference to mortgage arrears from Mrs H's credit record file from that date. And it should amend the file to show that the mortgage account defaulted from the date of Mrs H's bankruptcy.

Mrs H says that when she approached lenders in September 2015 she was refused lending due to her credit score. And that this was solely due to the incorrect entry caused by Nationwide's error and that consequently loans were taken out in her husband's name which were more costly. But I'm afraid that I agree with the adjudicator. The limited evidence that Mrs H has provided is inconclusive. And I cannot say with any certainty what loss, if any, Mrs H has suffered and whether this was actually caused by Nationwide's mistake.

I do accept however that Mrs H was understandably worried that Nationwide wouldn't remove the incorrect entry on her credit file until 2018. And she was frustrated that it's taken some months for Nationwide to accept its error.

I've given careful consideration to the question of what's fair and reasonable to compensate Mrs H for her trouble and upset. And I've looked at other examples where consumers have been put to similar levels of distress and inconvenience. And I'm satisfied that the sum of £100 is fair and reasonable compensation in Mrs H's case.

my final decision

Therefore, my final decision is that I uphold Mrs H's complaint and I direct Nationwide Building Society to:

1. Remove any reference to mortgage arrears on Mrs H's credit record file from the date she was made bankrupt in September 2009;
2. Amend Mrs H's credit record file to show her mortgage account as 'defaulted' from the date of her bankruptcy;
3. Pay £100 to Mrs H for her trouble and upset (which is in addition to £100 offered to her previously in respect of providing incorrect information and failing to call her back within a specified time period).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 11 April 2016.

Alan Harris
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