

Complaint

Mr J complains that Lloyds Bank PLC incorrectly changed his address and date of birth which led to a drop in his credit score while he was applying for a mortgage. As a result, Mr J had to borrow funds to partially repay a credit card debt.

Background

Mr J moved home and visited Lloyds in February 2019 to change his address. But due to a systems issue, Lloyds used a previous address instead of Mr J's new details and changed his date of birth. Mr J has explained that around this time he was trying to secure a mortgage and the incorrect information caused his credit score to drop.

Mr J says that to secure the mortgage he had to borrow around £5,500 from friends and family which was used to partially repay a credit card debt. Mr J has confirmed the mortgage was approved.

Mr J complained and Lloyds agreed its error led to a drop in his credit score. Lloyds offered £250 and apologised for the mistake. But Mr J asked Lloyds to cover the money he used to repay his credit card debt. Mr J referred his complaint to our service and it was passed to an investigator. The investigator thought Lloyds' offer was reasonable and that it had dealt with Mr J's complaint fairly so didn't ask it to increase its offer or take any other action. Mr J didn't accept the investigator's view so his complaint has been passed to me to make a decision.

My findings

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

All parties agree that Lloyds made a mistake which meant incorrect information was linked to Mr J on his credit file. Lloyds accepts that the mistake led to a reduction in Mr J's credit score. In this case, I need to make a decision concerning whether Lloyds' offer is fair and whether it reflects the impact of the mistake.

Mr J says that his credit score went down at an important time – when he was applying for a mortgage. He's told us that, as a result, he borrowed a substantial amount of money from family and friends which he used to reduce his credit card debt and secure his mortgage. Whilst I don't doubt that Mr J borrowed money to reduce his credit card debt and take out his mortgage, I'm not persuaded that was solely due to Lloyds' mistake. I'll explain why.

Mortgage lenders set their own criteria for assessing applications and whilst they will use information held by the credit reference agencies, the score itself isn't communicated when a credit search is completed.

In addition, Mr J has told us that the lender approved his mortgage application. So I think it's unlikely that the requirement for him to reduce his credit card debt was solely linked to the information Lloyds reported about his address and date of birth. A lender can ask an applicant to reduce their other debts for a range of reasons, including concerns over affordability for example.

I also note the investigator's point that there's been no loss in this case. Mr J says he borrowed money to repay borrowing he held on a credit card. Whilst I appreciate he now

owes family and friends, the funds in question were already owed to his credit card provider. As Mr J had the benefit of those funds, I'm not persuaded it would be fair to tell Lloyds to repay them.

I'm sorry to disappoint Mr J, but I'm unable to agree that telling Lloyds to compensate him for the funds he used to partially repay his credit card is a fair way to resolve this complaint. Lloyds has accepted its error impacted Mr J's credit score and took steps to amend the information it reported. Lloyds offered Mr J £250 and I think that fairly reflects the impact of the incorrect information it reported. As a result, I'm not telling Lloyds to increase its offer. I leave it to Mr J to decide whether he wishes to accept Lloyds existing offer of £250.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 December 2019.

Marco Manente
ombudsman