

complaint

Mr G complains that Clydesdale Bank Plc (trading as Yorkshire Bank) reported incorrect information to credit reference agencies when his current account debt was sold. As a result he says he's been declined a credit card and car loan.

To settle the complaint, M G wants the default removing and compensation.

background

Yorkshire Bank says Mr G's account went into unplanned borrowing. Because of this Yorkshire Bank wrote to Mr G several times asking him to pay. When Mr G didn't pay Yorkshire Bank defaulted his account and his debt was transferred to a third party on 30 September 2012. Mr G doesn't dispute that he owed money to Yorkshire Bank. Mr G's unhappy that his credit report gives the impression that he's defaulted twice - because his credit report shows the debt to Yorkshire Bank as being in default in April 2012. And the third party has also reported the status of its debt as "defaulted" with a default date of February 2012.

Mr G says the default information reported by the third party has now been removed from his credit file and he wants Yorkshire Bank to do the same. As a result of the information recorded, he says he's been declined a credit card and car loan.

When Mr G complained to Yorkshire Bank, it agreed his complaint should be upheld in part. It says it correctly reported the sale of the debt and the default to the credit reference agencies. But it agreed that communications from its credit team should have been clearer. And it should have clarified that the information it reported was available for underwriters to view to enable them to identify where the debt had come from. It agreed to pay £100 compensation. Yorkshire Bank also said it would clarify with the credit reference agency the process going forwards - to prevent the issue arising again.

Mr G wasn't happy with Yorkshire Bank's response, so he brought his complaint to this service.

Our investigator concluded that Yorkshire Bank had made an error but in her opinion it'd done enough to put matters right. She thought Yorkshire Bank shouldn't be required to remove the default from Mr G's credit file because his account was in default and his credit file needed to reflect this. And Yorkshire Bank had a duty to report an accurate reflection of his credit history. In her opinion Yorkshire Bank corrected the information it'd reported - to show the date of settlement as September 2012 (being the same time as it sold the debt to the third party). In her opinion - although she accepts it can be difficult to put a figure on Mr G's inconvenience - she thought the £100 compensation offered was fair and reasonable.

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 realise how strongly Mr G feels about this matter but I broadly agree with the investigator's view.

Mr G doesn't dispute that he failed to pay money he owed to Yorkshire Bank. So in my opinion Yorkshire Bank didn't treat him unfairly by reporting the default to credit reference agencies. And in my opinion it isn't required to remove the default from Mr G's credit file. I say this because Yorkshire Bank is required to report accurate data to credit reference agencies on the way Mr G's managed his account.

Just because the third party agreed to remove the information it'd reported to credit reference agencies, it doesn't mean Yorkshire Bank must do the same.

Mr G is concerned that the entries on his credit report appear to show he's in default to the third party and to Yorkshire Bank. But I've now seen an updated credit report and I'm satisfied this has now been corrected. The entry made by the third party has been removed completely and the date of satisfaction of the Yorkshire Bank debt has been changed to 30 September 2012 – to reflect the date it sold the debt to the third party.

Mr G's told us he believes he was refused a car loan and credit card as a result of Yorkshire Bank's error. Mr G hasn't provided any evidence of this but I don't think this is relevant – because in my opinion Yorkshire Bank reported the default correctly. The updated credit report I've seen doesn't show any searches by credit card providers or car loan companies of Mr G's credit file. But even if they had done a search of his file the default was for a small amount and is now more than five years ago so it's less likely that the default would have an impact on his ability to obtain credit.

In the circumstances I won't be asking Yorkshire Bank to do anything further and it remains open for Mr G to accept Yorkshire Bank's offer of £100 compensation – which I understand was being sent by way of cheque to Mr G.

my final decision

My final decision is that I am not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 March 2018.

Michelle Hayward
ombudsman