

The complaint

Mr W has complained that National Westminster Bank Plc has delayed in taking corrective action after mistakenly linking his details with that of another account holder.

What happened

In March 2022 Mr W contacted Nat West after receiving arrears letters about missed repayments on a loan. Nat West told Mr W that he had been the victim of identity theft and that someone else had mirrored his personal details so that an outstanding loan account and current account would be linked to him. It undertook to disassociate his details from that of the other person and to contact the credit report agencies (CRAs) to ask for any adverse information to be removed.

Adverse information was still appearing on Mr W's credit reports in July 2022 and he complained about being given confusing information. Nat West said it would contact the CRAs again and paid Mr W £50 for delay and lack of clarity in the explanations that had been provided.

Matters reached a head in August 2022 because Mr W desperately needed a loan to complete some building work at his home. However, he had several loan applications turned down due to issues with his credit history.

In its final response letter, Nat West confirmed that the issue was not the result of fraud. Instead, another customer with an almost identical name and the same date of birth as Mr W, had previously taken out a loan and had stopped making the repayments. During the collections process against the other person, it had mistakenly merged the customer details. As Nat West now accepted that it was its error, it paid Mr W an additional £750 compensation.

I wrote a provisional decision last month in which I increased the compensation to a total of £2,500. Mr W responded with some additional comments that I will address below.

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.

Nat West does not dispute that the problems Mr W has faced result from its error. In April 2022 it undertook to carry out two tasks to resolve the matter. Firstly, the internal task of disassociating Mr W's details from the other person's details. Secondly, the external task of contacting the CRAs to remove any adverse information that had been incorrectly attached to Mr W's credit report.

Mr W was assured by Nat West in July 2022 that the first task had been completed. But this wasn't the case because Mr W received a statement for the other person's current account in August 2022. And in September 2022 he received two letters relating to the other person – one about the current account and one about the loan account.

Mr W was also assured in July 2022 that the CRAs had been contacted and that his credit file should have been amended by now and that there were no longer any financial links between him and the third party. Again, that wasn't the case as Mr W was able to see the adverse information was still present. Even after the third party accounts were removed from Mr W's file, the third party's address was still showing as a link on one of the main CRAs. Nat West only mentioned the two main CRAs in its correspondence, but the adverse information was still showing on a third CRA. Problems continue to ensue because the third CRA then 'reset' Mr W's credit file so that it now shows virtually no information.

Furthermore, Mr W is receiving contact from debt collectors. These talk about arranging a home visit and must therefore be quite worrying. These relate to a debt that the third party owes to another creditor but are the result Mr W's details being linked with the third party by Nat West.

Mr W is having to spend time and effort sorting all of these issues out. And there are potentially other residual issues that might come to light.

There's no doubt that Mr W's inability to get a loan was a direct result of the incorrect information on his credit file. This caused him great difficulty as he was unable to finance continuing building works on his house, leaving his property unfinished and unsecured for a time. Mr W's wife was eventually able to get a loan and, as a last resort, they borrowed the rest of the funds from their elderly parents. However, this would have been a very difficult and stressful period for Mr W and his family.

When writing my provisional decision, I took into consideration what had happened, as well as the situation as it stands now. Mr W is still having trouble getting his data correctly restored by the third CRA. And, as mentioned above, there are potentially other residual issues that may come to light as a result of Nat West's errors. So, increasing the compensation to a total of £2,500 was designed to take all of that into account.

In response to my provisional decision, Mr W has said that any amount of money is immaterial if the problem with his credit file isn't rectified. I completely appreciate his view and that he's in an uncertain situation currently. However, I think it's necessary to draw a line under Nat West's involvement and responsibilities.

Nat West asked the third CRA to amend the credit file by removing the adverse information. It did not ask the CRA to wipe the file. So, I can't hold Nat West responsible for the CRA failing to carry out its instructions correctly. I understand that Mr W is now pursuing a complaint directly against the CRA.

My decision remains that a more reasonable amount of compensation for the errors made by Nat West would be £2,500. So, it should pay Mr W a further £1,700 in addition to the £800 it has already paid him.

My final decision

For the reasons set out above, my decision is that I uphold Mr W's complaint and require National Westminster Bank Plc to pay an additional £1,700 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 July 2023.

Carole Clark

Ombudsman