

The complaint

Ms L complains that Nationwide Building Society reported a default on her credit file from July 2018.

What happened

Ms L opened an account with Nationwide in 2011. In 2013 Ms L experienced financial difficulties and entered into a debt management plan.

Ms L's Nationwide account was included in the debt management plan. On 1 November 2013 Nationwide issued a default notice and reported a default on Ms L's credit file.

Ms L has made regular payments under the debt management plan since it began. Recently she checked her credit report and saw that Nationwide's default notice was still on her credit file when it should have been removed after 6 years.

Ms L complained to Nationwide. In its final response, Nationwide said that due to an error, a default had been re-applied to Ms L's credit file in July 2018. It apologised and said it had requested to remove the default. It also offered compensation of £75.

Ms L wasn't happy with the response and brought her complaint to this service. She wants Nationwide to pay compensation in the form of writing off her remaining debt of £1400

Our investigator said that whilst the complaint was being investigated by this service, Nationwide had offered further compensation of £100 (in addition to the £75 already paid). The investigator said that this was a fair and reasonable amount of compensation to resolve the complaint.

Ms L didn't agree. She said that although Nationwide had now removed the default from her credit file, her credit score prior to this had been affected by Nationwide's error.

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.

Nationwide has acknowledged that it made an error when it re-applied the default to Ms L's credit file in July 2018. It has also acknowledged that it didn't remove the default when it sent its final response to Ms L in March 2023, and that it didn't ask for the default to be removed until July 2023. It is for these reasons that Nationwide has increased its offer of compensation by a further £100, bringing the total compensation to £175.

Ms L has said that the default had an adverse effect on her ability to obtain credit. She's told this service that she struggled to support herself during the pandemic due to her inability to obtain credit when she was unemployed. Ms L said she was adversely impacted for 4 years more than she should have been because the default should've been removed in 2019.

I've reviewed Ms L's credit file. However, I haven't been able to find any evidence to suggest

that her ability to obtain credit was negatively affected. I can't see any declined applications for credit. So, whilst I agree that the default was re-applied to Ms L's credit file when it shouldn't have been, there's no evidence to persuade me that this negatively impacted on Ms L's ability to obtain credit.

I appreciate that Ms L's credit rating was "poor" as a result of the default being applied to her credit file. However, as I've said above, I haven't seen any evidence of any applications for credit being declined as a result of the default.

Ms L has said that she's been caused distress because of the negative impact the default has had on her credit file. I understand that it must 've been upsetting for Ms L to discover that the default had been re-applied. I've thought about the impact of the error and about whether the current offer of compensation is fair. On balance, and taking into account the points I've made above, I think the compensation offer of £175 in total is fair and reasonable.

I appreciate that this isn't the outcome that Ms L hoped for. However, I don't think it would be fair to ask Nationwide to write off Ms L's remaining debt, because this would create an outcome which is disproportionate to the impact of Nationwide's error.

For the reasons I've given I'm not upholding the complaint. I think the compensation of £175 offered by Nationwide is fair.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 30 January 2024.

Emma Davy
Ombudsman