

The complaint

Mrs and Mr G complain that HSBC UK Bank Plc trading as First Direct Bank have incorrectly registered hard credit searches on their credit files.

What happened

Mrs and Mr G tried to set up a joint account with First Direct, but this was set up as a single account application in Mr G's name. They then applied for a joint account with First Direct, but they didn't hear anything about their application, so they rang First Direct who told them they needed identification from Mrs G. They say Mrs G uploaded her driving licence, but First Direct didn't accept this, and the application expired. Mr G says First Direct have registered three hard credit searches on his credit file. Mrs and Mr G made a complaint to First Direct.

First Direct partially upheld Mrs and Mr G's complaint and they paid £100 compensation. They said it was only when Mr G called on 18 December 2023, that an email was sent for the documents to be uploaded. They said Mrs G's driving licence wasn't accepted due to the quality of the image, and an email was sent the following day, requesting the identification to be uploaded again. They said their account opening team called Mr G on 22 December 2023 to see if the requested document had been uploaded again, and another email was sent to Mrs and Mr G on 29 December 2023 to confirm what action was needed.

First Direct said that there was a further attempt to upload Mrs G's driving licence on 4 January 2024, but this was again unsuccessful, and due to the time that had passed, their application had expired. First Direct said there were unnecessary delays in progressing the joint application on their part. They said there needs to be two credit searches showing as two applications were made, and they would remove a third credit search. Mrs and Mr G brought their complaint to our service.

Our investigator did not uphold Mrs and Mr G's complaint. She said there was a delay caused by First Direct when no communication was sent to Mrs and Mr G about what outstanding documents were required to complete the joint account application. She said that the third credit check to continue with the opening of the joint account should be removed by First Direct as this was only necessary due to the error and delay at their side. First Direct have also concluded this and have advised us that this third credit check has now been removed from their credit reports.

Mrs and Mr G asked for an ombudsman to review their complaint. They said that they should be paid more than £100 for what happened. Mr G told us there are now four hard searches reflected on his credit file.

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.

I must make Mrs and Mr G aware that I'm only able to look into the original complaint they

made to First Direct. Whilst they have since told us there are four hard searches showing from First Direct on their credit files, they have made a separate complaint to First Direct about this. As First Direct has sent them a final response letter regarding the new complaint, if they are unhappy with the response then they can ask our service to look into the merits of the separate complaint, as long as they ask us to do this in the timeframe set out in the new final response letter.

First Direct let Mrs and Mr G down with the delay in notifying Mrs G that they needed further documentation from her to complete the application. It wasn't until Mr G contacted First Direct that they sent the email informing them of the identification requirement. So this would have caused inconvenience for Mr G having to proactively contact them.

When the driving licence was sent through to First Direct, it wasn't acceptable to them how it was uploaded. And while First Direct requested the document again and it was uploaded again, they still couldn't accept the document how it was uploaded. So unfortunately the application timed out.

First Direct have admitted there was a bank error with the extra hard credit search registered. I have seen that they have contacted two Credit Reference Agencies (CRA's) to have the search from 10 January 2024 removed. While I can't comment on Mrs and Mr G's new complaint, I have noted that in the final response letter First Direct do confirm that this was removed and that the CRA's had confirmed this has been removed. I note that they have also said that after they reached out to them again recently, they have confirmed there is no search recorded for 10 January 2024, as they had actioned their previous request.

If this is incorrect, and the search is still showing on Mrs and Mr G's credit file for 10 January 2024, they may wish to raise a complaint against any CRA who is still reporting this search as the evidence First Direct have sent our service does show they've asked for this to be removed, so I can't hold them responsible if a third party has not taken action that First Direct have asked them to.

While the application for the sole account was an error, it was not First Direct's error. So there should be two hard credit searches on Mr G's credit file as First Direct need to accurately report that a sole account and then a joint account was applied for. So I'm unable to ask them to remove the first hard credit search for the sole application that Mr G made.

I've considered what would be a fair outcome for this complaint. First Direct have paid £100 for what happened here. Mrs and Mr G feel that higher compensation should be awarded to them. But I must explain to them that our awards are not designed to punish a business or to make it change the way they act in order to protect other customers in the future. That is the role of the regulator. We sometimes award compensation if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event.

I'm persuaded that £100 is fair for what happened, and it is in line with our awards for the impact of First Direct's delays and for registering a third credit search on Mr G's credit file. I can see that the amendment for the credit file was sent to the CRA's on 15 January 2024 – which was five days after the hard search. So the amendment was made in a timely manner, and I can't hold First Direct responsible for how long a CRA would take to action this or how long it would take to reflect on the credit file as this would be out of their control. So as First Direct have already paid the £100 compensation, it follows I don't require them to do anything further as part of this particular complaint.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 28 May 2024.

Gregory Sloanes
Ombudsman