

## **The complaint**

Mr M opened a bank account with National Westminster Bank Plc and complains that they completed an unnecessary hard credit search and recorded it on his credit file.

## **What happened**

On 3 May 2023, Mr M opened a bank account with NatWest without any credit facility.

During the application process Mr M declined an overdraft facility and, due to this and other information he read, he thought a soft rather than hard credit search would be made as he wasn't taking out a NatWest product requiring credit.

Mr M was subsequently dissatisfied to discover a hard credit search was made. Mr M feels that this is disproportionate and, as it impacts on his credit score, he complained and asked NatWest to either remove it or close his bank account.

NatWest didn't uphold his complaint. They said a hard credit search was a mandatory requirement and explained that although Mr M hadn't requested an overdraft a current account is able to offer lending facilities. NatWest also pointed to information they'd provided which said they would do a credit check and share information with Credit Reference Agencies (CRA's).

Mr M complained to our service, but our investigator couldn't see that NatWest had done anything wrong.

As Mr M remains dissatisfied, this case has now been referred to me to look at.

## **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.

Having done so, I'm not upholding this complaint and I'll explain why.

I should first explain that I can't tell a business to make alterations to their policies, procedures, processes or systems. This is because we aren't the regulator of the financial services industry.

However, what I can do is consider each individual case and, where I think a business hasn't acted fairly and reasonably in the circumstances, decide what should be done to put right any financial or non-financial losses that a consumer has experienced.

I first considered whether, prior to opening his account, NatWest explained what they were going to check. I found that their website said '*applications for accounts can affect your*

*credit score as a footprint will be left on your file'* but Mr M's submission persuades me he didn't see this.

However, I'm satisfied he would've been alerted, in NatWest's account terms and conditions, to the fact that they would share information with CRA's as in their 'How your information might be used' leaflet they said *'We share your information with...Credit reference Agencies, so we can:- Do a credit check – this can affect your credit score (we don't do one if you're just opening a savings account)'*.

So, although I couldn't see this specified whether this was a hard or a soft check, as a soft check wouldn't have an impact on a credit score, I think this strongly suggests that the credit check would be a hard search even if Mr M was opening a current account without an overdraft facility.

I understand Mr M wasn't applying to borrow money when he applied for a new account. But NatWest explain a hard credit search is performed before all accounts are opened as a current account is able to offer lending facilities. So, it's a mandatory policy which I think is reasonable and impacts on all their customers.

I can understand why Mr M thinks its unhelpful for NatWest not to refer to credit searches in the same terms as some other banks. But I don't think NatWest have an obligation to do so and as mentioned above, I can't tell them to make alterations to their policies.

Mr M would've acknowledged he read NatWest's information, including CRA checks, before proceeding with his application and, if Mr M wasn't sure if this was going to be a soft or hard check, I think he should've clarified the type of credit check at this stage.

So, having considered all the above, including NatWest's responsibilities to make accurate reporting to CRA's, I also can't see that NatWest have made an error here and I'm not upholding this complaint.

Finally, Mr M said he would prefer to close his account to negate the CRA check and, although this an option for him to discuss with NatWest, NatWest have pointed out that the search only remains on his credit file for 6 months and due to the passage of time will shortly drop off.

### **My final decision**

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 December 2023.

Paul Douglas  
**Ombudsman**