

The complaint

Mr C has complained that Gain Credit LLC trading as Lending Stream incorrectly recorded a hard search on his credit file.

What happened

Lending Stream contacted Mr C in January 2023 to say it had incorrectly recorded a hard search on his credit file instead of a soft search when he'd applied for credit in February 2021. It said it would remove the search. Mr C was unhappy and said he was lied to by Lending Stream. He said this negatively affected his credit rating for nearly two years and he'd been refused credit which caused him a lot of stress and struggle. Mr C requested an apology by way of £5,000 compensation.

Lending Stream said it's more than just a credit score that will influence a lender's decision to grant credit. It said when it identified the issue it asked the credit reference agencies to tell it what the impact of a single hard search would have on a person's credit file. It said the credit reference agencies told it that a single search, in isolation, is unlikely to have an adverse impact. But multiple searches within a short space of time could impact a person's credit score. It didn't think the hard search it recorded had a noticeable negative impact on Mr C's ability to obtain credit.

Lending Stream said it removed the search to make sure the information it recorded was accurate. It also apologised and said it changed the way it carried out searches so it wouldn't happen again.

Mr C wasn't happy with the response and asked the Financial Ombudsman to investigate. One of our investigators looked into things and noted Lending Stream had apologised. She also said Mr C hadn't supplied evidence of the impact on him of the hard search, or that he'd been refused credit as a result of it. She said Mr C would have to supply evidence of the impact and without that she didn't think Lending Stream needed to pay compensation.

Mr C didn't agree. He said a hard search only lasts for two years and Lending Stream contacted him after one year and eleven months. He said Lending Stream has committed a crime against him. And that the investigator was encouraging foul play with no repercussions.

As things weren't resolved, the complaint has been passed to me to decide.

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 want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr C and Lending Stream that I've reviewed everything on file. And if I don't comment on something, it's not because I

haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to set out that it's not my role to fine or 'punish' financial businesses. That's the job of the regulator.

I don't have as much information as I'd like about the original application, but I'm going to assume Mr C applied for a regulated credit agreement. And I find we have the power to investigate Lending Stream's decision to record a hard search in relation to the credit agreement on his credit file.

Just because something has gone wrong for a customer, it doesn't automatically mean we're going to direct the business to pay compensation. Any award we make should recognise the impact a business' mistake has had on the complainant.

In this case, from what I can see Lending Stream recorded a hard search when it was meant to record a soft search when Mr C applied for credit in February 2021. And in January 2023 it wrote to Mr C to say it was updating his credit file to remove the search. Mr C hasn't shown us any evidence the hard search had a material impact on him or caused any applications for credit to be declined. Without supporting evidence, I've not got the grounds to say he was caused any detriment by Lending Stream's mistake.

I appreciate Lending Stream noticed the mistake when the search was about to drop off his credit file in any event. So I can understand why Mr C may have thought it was too little, too late. But as Lending Stream pointed out, the hard search in isolation wouldn't have likely had a notable impact on his credit score, or credit applications, even while it was on his credit file.

All things considered, I appreciate Mr C has been put to the trouble of raising his complaint. But there will always be a level of inconvenience caused when complaining. Having considered everything, I think Lending Stream's apology is fair in the circumstances. Without evidence of any detriment caused as a result of the search, I'm not going to direct Lending Stream to take any further action.

Mr C is free of course to pursue the complaint by other means, such as through the courts, as he's indicated.

My final decision

Gain Credit LLC trading as Lending Stream has apologised to Mr C for the mistake. In all the circumstances I think this is fair and reasonable. I make no further directions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 November 2023.

Simon Wingfield
Ombudsman