

The complaint

Miss P and Mr T complain that Bank of Scotland plc trading as Halifax carried out a credit search on them without their consent.

What happened

On 2 August 2023, a credit search was carried out in the name of Miss P and Mr T by Halifax in relation to a mortgage application. They hadn't applied for a mortgage so complained to Halifax about this.

Halifax looked into the complaint and explained to Miss P and Mr T that this credit search had been carried out in error. It said it was in relation to a previous mortgage application they'd made a year ago. This application hadn't been closed down on the Halifax system and this meant a mistake had been made where another credit search was carried out.

Halifax agreed to remove the search from Miss P and Mr T's credit file. And in a follow up letter, offered £100 compensation. The credit searches were removed from all credit reference agencies by 26 September 2023.

Miss P and Mr T didn't accept this. They said that this credit search had prevented them from buying a new property and had put their life on hold. They felt that £100 wasn't enough compensation. They also suspected that this search may've been carried out deliberately and fraudulently. They referred the complaint to our Service.

One of our Investigators looked into the complaint. She agreed that Halifax had made a mistake but thought the £100 compensation it had offered was fair.

Miss P and Mr T didn't agree. They detailed the significant impact they said this had on their personal life. And the stress and worry it had caused them. They said that Halifax has since completed another credit search on them.

Our Investigator maintained that £100 compensation was fair for this mistake. And explained that the new credit search that had been conducted would need to be considered as a new complaint. Miss P and Mr T asked for an Ombudsman to review their complaint. So, it's been passed to me to consider and make a final decision.

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.

Miss P and Mr T have raised a number of complaints with our Service against Halifax and other businesses. I want to first make clear that the complaint I am considering here is only the matter of the credit search carried out by Halifax in August 2023 and the impact this has had. The other complaints are being handled separately to this one.

I've also noted that Miss P and Mr T have more recently complained that Halifax has completed another credit search without their consent in September 2023. However, this

was raised after Halifax had issued a final response on this particular complaint and after it had been referred to us. I understand Halifax are still in the process of looking into this matter. Miss P and Mr T say Halifax are treating this as one issue. But we can't. Under our rules, a business has to be given the chance to put matters right before we are able to consider it.

I won't consider this complaint point within this decision. As our Investigator explained, if Miss P and Mr T want us to consider this matter, then they will need to set up a new complaint with our Service and we will then look into the matter.

Moving on to the complaint point I am considering. Halifax doesn't dispute that it carried out the credit search in August 2023 in error. It initially apologised for this. And, following further correspondence from Miss P and Mr T, offered them £100 compensation. I'm aware Miss P and Mr T suspect this credit search may've been a deliberate action or someone acting fraudulently. But, other than their belief, I've no evidence to support that this was anything other than an automated mistake or human error.

Halifax has explained that their previous mortgage application should've been closed off on its systems. But, instead, it was submitted triggering a credit search. This explanation appears reasonable, and I think it's most likely the reason for this error.

Halifax quickly requested that the searches be removed by all of the major credit reference agencies. And this was done within two months. So, I think Halifax has put right its error. Miss P and Mr T have said that it was them, rather than Halifax who corrected this error. But it would've needed to have been Halifax requesting the searches be removed, and I've seen the correspondence Halifax sent to the credit reference agencies asking for this to be done.

Miss P and Mr T have gone into great detail about the impact that this has had on them and their personal life. I've thought about everything they've said. I won't repeat that all here, however, it's clear they have had a difficult time. However, I need to decide how much of an impact Halifax's error has had.

I've thought about Miss P and Mr T's claim that they cannot get a mortgage because of this credit search being on their file. And that they can't obtain short term credit. But I'm not persuaded this is the case. Lending can be declined for a number of reasons. Miss P and Mr T had recently changed addresses which will impact the ability to obtain credit. They had a significant amount of unsecured debt as well. And I note that there are many applications for different types of credit during August by Mr T. All of this would be factored in by a business when making any kind of lending decision. Whilst a single credit search would have some impact on a credit score, it would unlikely be the sole reason a mortgage couldn't be obtained.

Furthermore, I can't see anything that shows Miss P and Mr T applied for a mortgage recently. Whilst they may have assumed that they wouldn't be eligible for a mortgage, I don't think this was because of the credit search carried out by Halifax. And this search was removed in a timely manner.

Whilst this mistake has had an impact on Miss P and Mr T, and I don't doubt that they've been through a difficult time, I don't think that this can be put down to Halifax's mistake. Ultimately, this was an administrative error that was put right in a timely manner. Miss P and Mr T did have to spend time sorting this out, but I think £100 fairly reflects this. I'm not persuaded this mistake prevented them from moving house.

I've noted Miss P and Mr T's request that they be paid redress individually. However, this error occurred because of a joint mortgage application that was reactivated in error. So, I'm

satisfied it's right to consider the complaint as a joint one under our rules. I will make clear I have considered the impact on both Miss P and Mr T.

Miss P and Mr T have complained about the time taken for Halifax to respond to this complaint. Our rules also set out the matters that we can look at. The handling of complaints is not itself a regulated activity. It's something that the regulator requires financial businesses to do. But that isn't enough to make it a regulated activity within the meaning of the rule; that is, one from the list of activities set out in the legislation from which we derive our powers.

We're able to consider concerns about complaint handling in some limited circumstances, for example, if we're upholding the underlying complaint and the complaint handling is indelibly linked to that issue. Here, however that's not the case. So I can't consider the complaint handling of Halifax in this case.

Putting things right

Halifax's offer of £100 is fair and reasonable in the circumstances. I understand that it's sent a cheque to Miss P and Mr T, but they are yet to cash it. If they are still able to cash this, Halifax should let them know. If not, Halifax should arrange for either a new cheque to be sent or an alternative payment method to pay the compensation.

My final decision

Halifax has already made an offer to pay 'C' £100 and I am satisfied this offer is fair in all the circumstances. As such my final decision is that Halifax should pay £100 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P and Mr T to accept or reject my decision before 18 January 2024.

Rob Deadman
Ombudsman