

The complaint

Miss S complains that Lloyds Bank PLC has caused her loss and distress and inconvenience through negligent acts and omissions in dealing with a credit card taken out in her name which she didn't apply for.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Miss S got in touch with Lloyds in June 2021 about a credit card in her name which she didn't apply for. In September 2021 Lloyds accepted that the credit card in Miss S's name had been taken out as a result of ID theft, and that the balance should be written off and any record of the credit card deleted from Miss S's credit file.

Unfortunately, as acknowledged by Lloyds, this didn't then get completed properly. Miss S has explained that following September 2021, the record of the credit card was removed from her credit file for perhaps a month before it then reappeared. She says she then complained to Lloyds again, Lloyds investigated things, and essentially the record would intermittently get removed only to be re-added, and so forth, until the credit file was eventually properly corrected in 2023.

Lloyds offered Miss S compensation of £175. Miss S remained unhappy and referred her complaint about Lloyds to us. Our Investigator was unable to resolve the matter informally, so the case has been passed to me for a decision.

I sent Miss S and Lloyds my provisional decision last month explaining what I was minded to conclude and why. Now both parties have had further opportunity to comment, I'm now ready to explain my 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.

Having done so, I've reached the same conclusions in my provisional decision and for the same reasons. I've explained why again below.

First let me be clear what this decision is about. It's common ground that Miss S's credit file has now been corrected properly, as it should have been back in 2021. I have no doubt the delay in Lloyds properly correcting things impacted Miss S and that Lloyds should compensate Miss S for this. The disagreement between the parties here is about the appropriate level of compensation. And that's what I need to decide on.

In this regard, Miss S has said, in summary, that Lloyds' delay in correcting her credit file resulted in: ongoing distress and inconvenience since September 2021, exacerbated by her inability to remove her abusive ex-husband from the mortgage on her home; and her now being in a position whereby she's unable to afford a mortgage on her home due to the increase in mortgage rates.

The mortgage

First let me address Miss S's point about mortgage rates, in terms of whether there's been a *financial* loss. I understand the ID theft was committed by Miss S's now ex-husband and that since 2021 Miss S has been looking to move the mortgage on her home into her sole name. She's said because Lloyds didn't correct her credit file until 2023, she was (since 2021) unable to do this, at a time when mortgage rates were around 2%; and that now the default has been removed from her credit file, mortgage rates are around 6% which potentially makes things unaffordable for her.

However, I understand the 2% mortgage rates Miss S has mentioned here from 2021 are likely to be 2-year fixed rates, which would have expired this year (in 2023) if taken out in 2021. So, I'm not persuaded Miss S has suffered a financial loss here. She hasn't paid a higher rate than she would have yet. And bearing in mind any lower rate Miss S may have been able to obtain in 2021 would likely have expired this year, I think the mortgage rates Miss S is looking at now are likely the same as she would have been looking at anyway, even if she had successfully put the mortgage in her sole name earlier. So, I don't award any compensation for this because I don't think there's been a financial loss.

Distress and inconvenience

I do think, however, that Lloyds has caused Miss S substantial distress and inconvenience. Miss S has explained that:

- She's spent nearly two years emailing different credit agencies requesting they take off the incorrect default. She had to repeatedly spend time on the phone with Lloyds to try to sort matters. Lloyds' multiple mistakes over a prolonged period were "beyond stressful", on top of looking after her disabled children, and she spent many nights crying thinking it would never be resolved.
- Every time she needed to contact Lloyds again (when the default reappeared), she had to re-explain she was a victim of domestic abuse which involved financial abuse. It was humiliating to have to repeatedly disclose such personal information to total strangers.
- The financial order for her divorce was that she was to get the house in her name so there would be no ties with her ex-husband. But because the credit card default was still on her credit file, she was unable to move the mortgage into her sole name, meaning she had to remain connected to her ex-husband (because his name was on the mortgage). Her ex-husband was annoyed about this and this kept the cycle of abuse going, and it gave him a legal reason to contact her. She felt utterly hopeless, she remained scared thinking her ex-husband thought she was doing it on purpose, and she was living in a constant state of anxiety.

I've no reason to doubt Miss S's integrity here and I'm satisfied this is most likely the situation as she lived it. I'm really sorry this happened to Miss S and she has my heartfelt sympathy. I don't doubt the repeated failure by Lloyds over a prolonged period to properly correct her credit file will have been extremely frustrating, causing distress and inconvenience. But in this case, in assessing the impact on Miss S, I'm particularly concerned about what Miss S has said about how this effected a reason for a continued link to her ex-husband. There is no doubt in my mind that Lloyds therefore made matters substantially worse than they reasonably ought to have been; and I'm satisfied Lloyds should pay Miss S £1,500 to reflect the substantial distress and inconvenience it's caused her. I've thought carefully about this and whether a greater award would be warranted. But I think this

was always going to be a challenging period of time for Miss S, with the pressures and difficulties the separation would likely bring. I think an award of £1,500 would appropriately reflect this, whilst also clearly acknowledging the fact the distress and inconvenience caused by Lloyds was substantial.

My final decision

For the reasons explained, I uphold this complaint in part and I direct Lloyds Bank PLC to pay Miss S £1,500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 11 January 2024.

Neil Bridge
Ombudsman