

## **The complaint**

Mr C complains that TRANSUNION INTERNATIONAL UK LIMITED (TransUnion) unfairly lowered his credit score, affecting his ability to obtain a mortgage.

## **What happened**

At the beginning of April 2023 TransUnion was displaying Mr C's credit score as 629. Around the same time, Mr C switched his current account from one bank (Bank A) to another (Bank B) this included matching an overdraft facility. By the end of April 2023, Mr C's credit score had reduced to 584. Mr C says that it was this drop in score that caused problems when he was trying to obtain a mortgage for a holiday home. He says two of the three lenders he applied to told him his 'score' didn't fall within the parameters of their lending criteria.

Mr C felt there was no justifiable reason for the drop in his credit score as the current account he switched from mirrored the account he switched to, and so even though the new account had an overdraft it wasn't new credit, so no hard search should have been carried out on his credit file. And so, he complained to TransUnion and asked them to increase the score back to its previous figure of 629.

TransUnion didn't uphold his complaint, in summary they said that the score they generate is purely an indicator for Mr C of how lenders might perceive his credit worthiness. The score is calculated based on the information reported TransUnion by financial companies and other sources, about account performance. The score isn't shared with the lenders and TransUnion don't play any part in the lender's decisions to lend or not, as all lenders have their own criteria to assess applications against. They went on to say the scoring model is sensitive and not accessible for staff to make manual changes to, as to be able to do this would reduce the value of the credit scoring service.

Mr C remained unhappy with TransUnion's response and so brought his complaint to this service. Our investigator didn't think Mr C's complaint was one that should be upheld as he didn't think TransUnion had done anything wrong.

Mr C disagreed and so the matter has now 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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

There doesn't appear to be any errors in the information that TransUnion is displaying in Mr C's credit file and so I don't think it is obvious to me that they have given him a 'wrong' score. They have explained there are many factors they use when calculating the score

through an automated process and given examples of some of these. So, I expect certain things are impacting the score differently to how Mr C thinks these might or should.

For example, Mr C has spoken about the hard search on his credit file from switching bank accounts, and that there was no new credit applied for. I understand that Mr C doesn't believe Bank B needed to do a hard search to be able to provide his new account and overdraft facility as it was only matching what he already had with Bank A. However, I think it would be useful for me to explain to Mr C here, although Bank B was only matching the facilities he already had, it was new borrowing to them so it's normal industry practice for them to have conducted the hard search. And this would be considered new borrowing, so could impact his credit score.

Having said that, conducting a hard search was a decision Bank B made, so not something I can reasonably hold TransUnion accountable for. If Mr C feels strongly that this shouldn't have happened or that he should have been given more information about the impact switching accounts could have on his credit score, then he may wish to speak to Bank B about it.

Mr C has said that it was this reduction in his score that led to him having trouble getting a mortgage on his holiday home. And while I accept what Mr C is saying – that two of the lenders said his credit score didn't meet their criteria, I think that it's more likely than not that they are talking about their own internal scoring systems. I say this because, as TransUnion has explained, the score they provide is used only as an indicator of how a consumer handles credit. They've confirmed that no one except the consumer and TransUnion has access to the specific score it generates. Businesses that provide credit have their own systems in place to assess applications and don't have access to TransUnion's credit score – only the information about the types of credit a consumer has. So, I can't fairly say TransUnion's score has caused Mr C's mortgage applications to decline.

And while this situation is no doubt frustrating for Mr C – it might help to look at the score as TransUnion's view rather than something which is set in stone. Ultimately, lenders might decide that other things are more important, and they will have their own system in place where Mr C might score differently.

I know Mr C will be disappointed with this outcome. But my decision ends what we – in trying to resolve his dispute with TransUnion– can do for him.

### **My final decision**

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 January 2024.

Amber Mortimer  
**Ombudsman**