

## The complaint

Miss H and Mr J have complained about a mortgage they hold with Landmark Mortgages Limited.

They say Landmark held incorrect information about Mr J on its system which meant he couldn't pass the security questions, so he was unable to make a payment to the mortgage over the phone. They also say that due to the mis-information, the mortgage wasn't showing on his credit file, and as a result he's had applications for credit elsewhere declined.

## What happened

In August 2006 Miss H and Mr J took out this mortgage through an independent mortgage broker. They borrowed £55,100 (plus fees) over a 25-year term on a repayment basis. They also borrowed an additional £14,900 as an unsecured loan.

The mortgage went into arrears, with sporadic payments being made and direct debits being returned as unpaid. Since the start of 2022 (up until the end of September 2023) the following payments were successfully made to the mortgage (all figures are approximate):

- 9 February 2022      £365
- 10 March 2022      £365
- 30 March 2022      £365
- 30 April 2022      £370
- 31 January 2023      £2,000
- 7 July 2023      £1,000
- 1 August 2023      £1,010
- 31 August 2023      £465
- 6 September 2023      £310

On the 6 July 2023 Miss H called Landmark to make a payment. She wanted to pay using Mr J's card as she didn't have a card to use. Whilst going through the security questions it became apparent that Landmark held an incorrect date of birth and national insurance number for Mr J. That meant he was unable to pass the security checks so the payment couldn't be made over the phone. The call handler gave them Landmark's bank details so the payment could be made online instead - which Miss H acknowledged was probably easier anyway than phoning up to pay - and a complaint was raised.

The payment of around £1,000 was made on 7 July 2023 by bank transfer.

Miss H spoke to Landmark on 12 July 2023 about the complaint. She said Mr J had been declined a loan due to his credit rating and they thought it was because of the mortgage arrears, but it turns out the mortgage wasn't showing on his credit file at all so that was why he'd been turned down. She said Mr J has another mortgage with his brother so there shouldn't be a problem.

Mr J's national insurance number was corrected on 13 July 2023 as Landmark already held copies of Mr J's payslips on file. As it didn't hold any evidence of identification containing

Mr J's date of birth on file it asked Mr J for evidence so that could be updated.

On 30 August 2023 Landmark responded to the complaint. It said the details it held for Mr J had been wrong from the start, and the issue hadn't come to light before as it generally had been speaking to Miss H about the account. Landmark said it had updated Mr J's national insurance number and was awaiting evidence of his date of birth, such as a copy of his birth certificate, passport or driving licence before that could be updated. It apologised for the service that had been provided and offered £50 compensation.

Unhappy with that Miss H and Mr J referred the complaint to our service. Miss H said Mr J was going to make a payment but couldn't pass security. She also said that Mr J was going to take out a loan to help with the mortgage payments and, as he had a mortgage, she thought he'd easily get a loan. She said she thinks because Landmark held incorrect details for Mr J (so the mortgage wasn't showing on his credit file) that was the reason he couldn't get a loan. She said, to resolve things, they wanted Mr J's credit file information to be corrected, and substantially more compensation to be paid.

Our Investigator considered the complaint. She said it appeared the information had been wrong from when the broker submitted it in 2006, and Landmark wouldn't have realised until Mr J needed to try to complete security, which happened in July 2023. She felt Landmark was right to request proof of Mr J's date of birth so its information could be amended, and that as an alternative payment method was given Miss H and Mr J hadn't suffered any financial loss. In terms of the credit file, our Investigator said that the mortgage had been in arrears since at least 2017 and so it was unlikely that information being reported on Mr J's credit file would have been more favourable than nothing being reported at all. She felt the £50 compensation offer was fair.

Miss H and Mr J didn't agree and so the case was 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.

Unfortunately because it is over 15 years since the mortgage was taken out it isn't clear what went wrong that led to Landmark holding incorrect personal information about Mr J which led to him not being able to pass security. But I don't need to know what went wrong originally to be able to fairly decide this complaint.

The error came to light on 6 July 2023 when Mr J wanted to make a payment to the mortgage. Landmark was right to say it couldn't take the payment over the phone, and the call handler gave an alternative method of payment. That all seems reasonable.

The payment was made by bank transfer the following day. At the time the mortgage was six months in arrears and there was no difference to how the account was reported to the credit reference agencies due to the one-day delay in the payment being received. There was also no additional collections activity, and no additional fees, due to the one-day delay. So having considered everything I'm satisfied there was no detriment to Miss H and Mr J from the payment not being taken by phone on 6 July.

Another issue that seems to have flowed from Landmark holding incorrect personal information about Mr J is that the mortgage account hasn't been reporting on his credit reference file.

Miss H and Mr J feel that the lack of information about the mortgage is what has caused

Mr J to be unable to obtain a personal loan, with Miss H saying that as Mr J has a mortgage she thought he'd easily be able to get a loan. But it isn't as simple as that.

Whilst the holding of financial products can improve a person's credit score, that is only the case if they are maintaining those credit commitments satisfactorily. By that I mean, the accounts are not in arrears. Here the mortgage account was six months in arrears and had been in an arrears state for a number of years.

In my experience, that arrears information being reported on a credit file would be much worse (and be more of a cause for a person to be unable to get further credit) than no information being reported at all.

Having considered everything very carefully I don't think I can safely conclude that this mortgage not showing on Mr J's credit file was the only barrier to him being able to obtain a personal loan, and that had this mortgage (and its arrears status) been correctly shown on Mr J's credit file then he would more likely than not have been able to obtain a loan.

It is clear something went wrong, and Landmark has offered £50 compensation. I agree with our Investigator that is a fair offer and it is in line with what I would have awarded had Landmark not already made the offer.

I can see how strongly Miss H and Mr J feel about this, and I'm sorry to disappoint them, but I don't think Landmark did anything wrong in the call on 6 July 2023 and I can't hold it liable for Mr J being unable to obtain a personal loan.

### **My final decision**

Landmark Mortgages Limited has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Landmark Mortgages Limited should pay £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr J to accept or reject my decision before 18 December 2023.

Julia Meadows  
**Ombudsman**