

The complaint

Mr U complains that Capital One (Europe) PLC (Capital One) incorrectly applied a CIFAS marker to him, which caused him to suffer financial hardship.

What happened

Mr U applied for a credit card with Capital One. He didn't hear back from the application, so applied for another card with a different provider (Bank B). Bank B rejected Mr U's application, saying there was a CIFAS marker on his credit file. Mr U discovered the marker had been put on by Capital One for impersonating himself.

Mr U complained to Capital One – he wanted it to remove the CIFAS marker and pay him compensation. Capital One agreed to remove the marker, but said it was entitled to decline his credit card application, and didn't think compensation was warranted. Mr U remained unhappy, so he brought his complaint to our service.

Our investigator looked at the complaint and thought Capital One should pay Mr U £250 for the delay in removing the CIFAS marker. She also said it should apologise to Mr U for the distress and inconvenience it caused him. Capital One accepted the outcome, but Mr U didn't. So he asked for an ombudsman to review the matter afresh.

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.

The CIFAS markers

Capital One declined Mr U's application and registered two markers against him. It didn't tell him that it had declined his application until June 2019, some four months after the declination. Ultimately, its decision to decline Mr U's application was a commercial decision Capital One was entitled to make. So I can't say it treated Mr U unfairly by declining the application.

However, Mr U asked Capital One to remove the CIFAS markers and it didn't do so for four months. When it did, it left a protective marker on for Mr U in light of the circumstances. The protective marker won't affect Mr U's credit rating or his ability to obtain credit. It may be that he is asked to complete further security checks when he applies for finance, but that won't impact on any lending decision: it is purely to prevent Mr U being the victim of impersonation fraud. So he won't suffer any harm as a result.

With that being said, I've also looked at the delay in Capital One removing the CIFAS marker and I'm not satisfied there was any justification. So I do think Capital One should compensate Mr U. Mr U says his credit rating has suffered and that he hasn't been able to apply for a mortgage as a result of Capital One's actions.

Given Capital One has removed the CIFAS marker, there should be no further impact on Mr

U's credit rating as a result. Which means the harm caused by Capital One was a period of around four months when Mr U couldn't apply for credit. I accept Mr U was put to trouble by having to get this matter sorted and that it would have been frustrating not being able to apply for credit. So to put things right, Capital One should apologise to Mr U and pay him £250 in compensation.

My final decision

My final decision is that I uphold this complaint. To put matters right, Capital One (Europe) PLC must apologise to Mr U and pay him £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 8 April 2021.

Alex Brooke-Smith
Ombudsman