

The complaint

Mr and Mrs M have complained that Bank of Scotland plc (trading as Birmingham Midshires and referred to here as BM) wrongly allowed an unknown third party to change the address on one of their mortgage accounts. This has had an impact on Mr and Mrs M's credit files and their mortgage interest rate, and they are asking BM to put this right.

What happened

The evidence in the case is detailed, running to several hundred pages of documents. I've read everything, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. There are also a lot of duplicated documents and repetition of arguments. In what follows, I have, by necessity, summarised events in rather less detail than has been presented.

No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

Our decisions are published, and so I've been careful not to include any information which might (a) identify Mr and Mrs M or (b) disclose information about BM's security procedures.

Briefly, Mr and Mrs M have a number of buy-to-let mortgages with BM. On 21 March 2017 a caller identifying themselves as Mrs M called BM. After asking a number of security questions (some of which were not answered correctly, but some which were), the call proceeded and the caller changed her correspondence address. BM explained that, before the address could be changed, any joint account holder would also need to call. On 27 March someone who said he was Mr M called and, after passing security, the contact details on the account were changed.

Mr and Mrs M say that these callers were not them. They only discovered this had happened some time later, after their mortgage broker identified issues with their credit files, and they learned that a number of loans had been taken out about which they knew nothing.

Mr and Mrs M complained to BM, but the complaint wasn't upheld. BM was satisfied that the caller had correctly answered security questions to enable the call to proceed. BM changed the address back to Mrs M's correct correspondence address and has de-linked the incorrect address from Mr and Mrs M's credit files.

Dissatisfied with BM's response, Mr and Mrs M complained to the Financial Ombudsman Service. They say that there has been an impact on their credit files, and in addition, they've not been able to move to a new fixed rate mortgage.

An investigator looked at the complaint but didn't think it should be upheld. He was satisfied that the callers had provided sufficient information to enable them to pass security.

Mr and Mrs M disagreed. They have reiterated that incorrect information had been given by the caller pretending to be Mrs M, and that, once incorrect information had been provided, the call should have been terminated by BM. Mr and Mrs M asked for an ombudsman to review the complaint.

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 am sorry for the length of time it's taken for this case to reach me for a final decision. Unfortunately there is a high demand for our services and I thank Mr and Mrs M and BM for their patience.

The case file sets out in great detail what happened, and there are both call recordings and transcripts. I will not repeat all those details here, for the reasons I explained above. I confirm, however, that I've listened to all the available call recordings and read everything Mr and Mrs M and BM have provided. I've taken note of all the arguments made on both sides.

Having done so, I've reached the same conclusion as the investigator, for broadly the same reasons. I'm satisfied the callers were able to provide sufficient information to enable them to pass BM's security. I don't know how they got that information, but they were able to answer questions correctly. I agree that some information they provided was incorrect, and in particular Mrs M's surname was wrongly spelled. But where other information is correct, I'm not persuaded that the incorrect information was sufficient to put BM on notice that it wasn't speaking to Mr and Mrs M.

Mr and Mrs M are concerned about the security processes BM uses, but that's not something we can comment on. Our role is to look at individual disputes between consumers and financial businesses. We don't regulate those businesses and we can't make them change their procedures; that's the role of the Financial Conduct Authority, which deals with broader issues affecting banks and financial businesses.

BM followed its internal processes in setting up a verification system, which applies to all its customers, as it is required to do by the regulator. Somehow third parties had managed to obtain sufficient personal information about Mr and Mrs M which allowed an address to be changed. The address has since been changed back, and I'm told BM has de-linked the address from Mr and Mrs M's credit files. I appreciate this has been very distressing for Mr and Mrs M, but I don't think BM is required to do anything further.

It's open to Mr and Mrs M to set up a protective registration with CIFAS, the fraud prevention database. For a fee of £25 per person for two years CIFAS will place a flag against Mr and Mrs M's details and any businesses which are members of the database will be aware of this, preventing fraudsters from using Mr and Mrs M's information to apply for products and services. An application for a protective registration can be made online via the CIFAS website. We can provide the details, if Mr and Mrs M would like us to.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 14 April 2021.

Jan O'Leary
Ombudsman