

The complaint

Mr S complains that Black Horse Limited trading as Black Horse Finance has unfairly recorded information about him at CIFAS, the national fraud database.

What happened

Mr S applied for car finance through a dealership in July 2018. When Black Horse Finance reviewed his application, it found that he hadn't disclosed his full address history over a three-year period. And that there was adverse credit history linked to him at an address he hadn't told it about. It said that there was similar adverse information at CIFAS about him not disclosing his address history to other lenders. Black Horse Finance didn't provide finance and registered the information about this application at CIFAS. Mr S says that this is all a mistake and that he wasn't asked about his previous address history.

Our investigator didn't recommend that the complaint be upheld. She said that the dealership had no reason not to input what Mr S had said about his address. At the time of the application Mr S had only lived at his then address for two years and not the four years recorded on the application. She thought that he might not have been asked about previous addresses as he claimed because he had given false information about his address history.

Black Horse Finance had said it wanted to look at the previous three years' address history. She considered that as Mr S was aware of the adverse credit information at his other address he had an incentive to conceal this. The information he had provided to this service about his other complaints indicates that other businesses had reported him to CIFAS for similar matters. And it wasn't plausible that this could be a simple mistake.

Black Horse Finance had further explained that its checks also revealed that the income Mr S claimed to receive wasn't supported by other information. And that it discovered the first and last name of Mr S had been switched in the application creating an 'alias'.

Mr S didn't agree and wanted his complaint to be reviewed. He said he didn't have any further information to provide. He has explained that he expected Black Horse Finance to make checks and didn't believe he was falsifying information. He thought we should be investigating what the dealership had done. Mr S thinks that the investigation into what happened has been one sided.

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 standard for adding a marker to CIFAS is a high one. Black Horse Finance needs to have more than a suspicion or concern. It has to show it has reasonable grounds to believe that a fraud or financial crime had been committed or attempted and that the evidence would support this being reported to the authorities.

Mr S has submitted a number of complaints to us which we are deciding on separately. But as part of the information he's submitted he's shown that there are other similar CIFAS markers made by businesses who have said he has given an incomplete address history.

I agree with what our investigator has said here. If this were a case of only a few months difference in address history then I might think that this had been a genuine error. But Mr S was recorded as saying he had lived at his then address for four years - twice as long as he had done. And there was adverse credit information recorded at his previous address. I'm struggling to find it most likely that the dealership recorded his address history wrongly and failed to make sure it had the three years' history needed. And Mr S hasn't in my view given a satisfactory explanation for there being a significant discrepancy when his income was checked or of why his first and last name were switched around. I think it was in the dealership's interest to record what Mr S had told it.

Taking this into account I am satisfied on balance that Mr S gave false information to try and obtain finance. So, I'm thinking about whether Black Horse Finance was fair in reporting this information to CIFAS based on the evidence it had and the investigation it carried out. CIFAS guidance says that Black Horse Finance must have carried out checks of sufficient depth to meet the standard of proof set by CIFAS. This essentially means that Black Horse Finance needs to have enough information to make a formal report to the police. And that any filing should be for cases where there are reasonable grounds to believe fraud or financial crime has been committed, rather than mere suspicion.

Having reviewed the account given by Mr S and the evidence Black Horse Finance has provided I'm satisfied that Black Horse Finance had sufficient evidence to report this to CIFAS. In coming to this view, I've taken into account the following reasons:

- Mr S didn't disclose full and correct information as set out above as part of his application.
- The most likely explanation is that he did this to help him obtain credit.
- Black Horse Finance had grounds to believe that Mr S had attempted to obtain credit fraudulently.

So, I understand he will be disappointed when I say that I don't have a reasonable basis to require Black Horse Finance to do anything further.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 November 2020.

Michael Crewe
Ombudsman