

The complaint

Mr A complains that Brent Shrine Credit Union Limited has recorded a marker on CIFAS the national fraud database.

What happened

Mr A applied for a £15,000 loan from Brent Shrine. It requested he send supporting information including bank statements which he did on 21 August 2019. His loan was declined. He later found it had registered the marker for application fraud because the bank statements had been shown to have been altered. Mr A said that his wife's uncle had altered them without his knowledge while he had his laptop. This was because his wife owed her uncle £800 and he was going to ask her to get £1,000 from Mr A.

Brent Shrine said that when it had received 'pdf' versions of bank statements it had checked these. It found that 17 entries including gambling and loan repayments had been overwritten. It showed that the statement document had been created and modified on the day it was sent which didn't tie into Mr A's explanation. Brent Shrine said that these changes were material to its decision about whether to offer a loan. It said it would have considered any more evidence including if Mr A had reported the alleged culprit to the authorities.

Our investigator didn't recommend that the complaint be upheld. She said that there was a high bar for registering a CIFAS marker. She was satisfied that Brent Shrine had sufficient information to support that fraud had been attempted. She considered whether Mr A knew about this. There was an inconsistency between what Mr A said his wife's uncle had told him he'd altered- which was a few gambling transactions and the extent of what had been changed. And Mr A's version of events - that the statements had been downloaded sometime before - didn't tie up to the document property information as explained by Brent Shrine. Mr A was going to be the beneficiary of this money and it was unlikely that he wouldn't have been aware or involved in the statements being doctored.

Mr A didn't agree. He said that he knew for certain what happened, not what was most likely, and this was that his wife's uncle was responsible. He wanted an ombudsman to review his 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 need to consider whether the report to CIFAS was made fairly. On this point, Brent Shrine needs to have more than a suspicion or concern. It has to show it had 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.

It is not in dispute that these statements were altered. And I agree with our investigator that the evidence of that was sufficient to meet the standard for an application fraud marker. The issue is whether Mr A knew about the alterations before these were sent. He has given a

detailed explanation of what happened to his laptop that he says he didn't have an urgent need for. And how this was lent to his wife's uncle. His position is that this person, knowing that a loan was being applied for took the opportunity to make it more likely Mr A would be successful and so that he could be repaid as the uncle believed he wouldn't otherwise.

Although Mr A has named the individual and provided contact details he hasn't provided anything else to support that this person made these amendments and did so without Mr A's knowledge. It's up to Mr A to support his case with evidence. And he hasn't explained why someone who he clearly trusted with his personal information would need to set out to deceive him in this way when it seemed Mr A was applying for a loan anyway and had no concerns about the information on his bank statement.

I don't for example have any evidence of direct contact with Mr A from the alleged culprit about this, any attempt by Mr A to report this to the authorities or anything else to support the elements of Mr A's version of events. It's not necessarily enough that Mr A says he knows the truth and he wouldn't do this himself given the nature of his work. And he hasn't given a satisfactory explanation of the evidence that the documents were created and modified on the day they were sent – which the investigator set out. I am also struggling to accept that he didn't think his history on the statements of borrowing and spending on gambling transactions mightn't be relevant to his chances for getting a loan. I appreciate that he says not all the gambling payments were concealed but there were in any event a significant number of material alterations to the statements.

I can't know exactly what happened and I am fairly here applying the balance of probabilities – what is most likely to have happened. I'm afraid I don't find Mr A's version the most plausible one. He had a significant amount to gain from the loan and as I say he's not provided anything to persuade me that what he says is the most likely explanation. Taking into account all the factors I consider he was most likely aware of the alterations – even if he didn't personally make them.

Brent Shrine says that it applied the CIFAS marker because Mr A gave material falsehoods as part of a loan application. So, I've looked at whether Brent Shrine was fair to apply the marker, based on the evidence it had, and the investigation it carried out. CIFAS guidance says the business must have carried out checks of sufficient depth to meet the standard of proof set by CIFAS. This essentially means that Brent Shrine 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 Mr A's account of events and the evidence Brent Shrine has provided, I'm satisfied that Brent Shrine had sufficient evidence for the CIFAS marker to be recorded.

I understand what Mr A has said about the effects of a CIFAS marker and I know he'll be very disappointed when I say that I don't have a reasonable basis to require Brent Shrine to take any further action.

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 A to accept or reject my decision before 15 November 2020.

Michael Crewe
Ombudsman