

The complaint

Mr M complains that Zopa Bank Limited won't remove a CIFAS marker it recorded against his name. CIFAS is one of the UK's fraud alert services.

What happened

When Mr M applied for a credit card with a third-party bank, his application was unsuccessful. He discovered that a CIFAS marker had been recorded by Zopa in July 2019 for a fraudulent loan application. Mr M says he didn't make the application and that he'd never heard of Zopa until he discovered the CIFAS marker.

Zopa said it had enough information to record the marker and wouldn't remove it.

Our investigator didn't recommend that the complaint should be upheld. He concluded that Zopa had done enough to show that the CIFAS marker had been correctly recorded.

Mr M didn't agree. He replied, in some detail, to say, in summary, that:

- He wouldn't have applied for a loan using false information.
- His bank had offered him a £10,000 loan and he could have borrowed money from family members, so he didn't need a loan with Zopa.
- Zopa has discriminated against him.
- He has been a victim of fraud.

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.

It is not this service's role to investigate and uncover exactly what happened when the loan application was made – that is the role of the police and the bank's fraud prevention department. Our role is to investigate the circumstances surrounding the complaint and decide if the bank has acted fairly and reasonably. Where the evidence is incomplete, inconclusive, or contradictory, as some of it is here, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I want to firstly acknowledge that I understand the impact a CIFAS marker can have and I know Mr M has found it very upsetting to discover the marker and then for Zopa not to agree to remove it. But, having considered everything very carefully, I am unable to uphold Mr M's complaint. I'll explain the reasons why.

The online loan application used Mr M's correct personal details including his address, email address, and phone number. And it was completed using Mr M's genuine bank account

details. I think it's unlikely a fraudster would apply for a loan using Mr M's correct contact details and his bank account, as that wouldn't provide the fraudster with any benefit.

Mr M says some of the information given during the application wasn't accurate – the time that Mr M had lived at his address and his employer. These inaccuracies are not enough to persuade me that the application was made by a fraudulent third party.

The bank used the phone number provided on the application to call the applicant to ask for paperwork to confirm his identity. The number is the same one that Mr M used to phone the bank to complain about the CIFAS marker; and the same number that he provided to us. He told us that his number could have been cloned. But I've not seen any evidence to suggest that is what happened – I've listened to the phone calls and it seems more likely than not that it is the same person. Mr M also told us he lost his phone around the time of the application. He's provided evidence to show that he replaced it around five months later. This may be the case, although it seems unlikely that Mr M would have been without a phone for several months. If he did lose his phone and a third party used it to commit a fraudulent application, it doesn't explain why or how that individual was also able to find out other personal information about Mr M – or why that individual would use Mr M's genuine bank account details as part of the application.

Mr M told us he thought someone might have had access to his bank account but hasn't provided evidence to support this. I can also see from his bank statements that his account was overdrawn at the time of the application – by just few pence under £5,000. So had a third party been successful in making the loan application in Mr M's name and if that individual had access to Mr M's bank account, they would have found a more or less nil balance. I don't think it's plausible that a third party would go to such efforts to make a fraudulent application knowing they would not gain any benefit.

During the application, Zopa identified that the document provided to verify the applicant's identity was not genuine. I can see why it came to this conclusion – and Mr M has told us that he didn't possess the genuine document, which confirms the one supplied must have been fraudulent.

After careful consideration, and on balance, I think it's more likely than not that the application was made by Mr M, or that he authorised someone to do so on his behalf.

And, after looking at all the evidence, I don't find that Zopa has discriminated against Mr M as he has suggested.

In the circumstances, I find Zopa had enough evidence to reasonably record the CIFAS marker against Mr M's name.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 January 2021.

Elizabeth Dawes
Ombudsman