

The complaint

Mr A complains that Bank of Scotland plc trading as Halifax unfairly registered a marker at CIFAS, the national fraud database.

What happened

Mr A says he opened an account with Halifax in 2017 and it was closed a couple of months later. He didn't know that a CIFAS marker had been registered until he applied for a mortgage with his sister with a different financial business in 2019.

Halifax issued a final response to his complaint in November 2019 saying it hadn't made a mistake. It said that this marker related to Mr A making fraudulent dispute claims. It added that in February 2019 he had made an application for a savings account which was opened initially but then closed following further checks. It said having considered the information on its systems and listened to calls it wouldn't be upholding his complaint.

Our investigator said that after Mr A referred his complaint to us Halifax offered to remove the marker as it no longer had the evidence to support it. Our investigator said given this he had no basis to find that the marker should be recorded, and he recommended that Halifax pay Mr A £200 in compensation. Mr A had told him about his applications for other credit which had been declined as well as a bank account in he thought 2018. Our investigator said that this reasonably ought to have alerted Mr A to the issue. And he didn't think it appropriate for Halifax to be required to pay in the region of £1,500 in costs and fees for the unsuccessful mortgage application he made. Halifax had agreed to remove the marker while the issue of compensation was being looked at.

Mr A didn't agree and said that the marker hadn't shown on any of the credit reference reports he'd looked at. He referred to him thinking that his credit score might have been the issue with his past applications. And he also referred to late payments on a card account he had held before. But he believed this marker had affected his ability to obtain employment as a contractor and this had caused him stress and financial issues.

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.

Mr A clearly had an account with Halifax and which it seems was closed abruptly in 2017. I don't have any detailed information about that or of whether he took any action about that at the time. Halifax has now offered to remove the marker.

In any event I wouldn't have had a basis to find that this CIFAS marker was fairly applied as there is now no information to support this. I note that Halifax maintains that it hadn't made a mistake in applying this in the first place based on its investigation. It doesn't disagree that it should have kept the information about that.

Mr A hasn't given any detailed information about all his subsequent credit applications. I don't know why other lenders refused his applications in 2017 and 2018 as he says. But a marker on the database shouldn't lead to automatic refusal - lenders must still make their own checks and make their own decisions. Mr A refers to him thinking that his own credit score might have been an issue. And I can't know whether if the CIFAS marker hadn't been in place he would have been approved for any past credit cards or his mortgage. It does seem clear though that he applied for a savings account with Halifax (it says early in 2019). This was opened and then quickly closed following checks.

Taking all this into account I think that it was reasonable for Mr A to investigate a bit further what had happened even if the CIFAS marker wasn't showing on any credit reports he viewed. And as I say there was no guarantee things would have been different say with his mortgage application even if the CIFAS marker had been removed.

Putting things right

I appreciate Mr A paid fees it seems with his sister for a mortgage application and he says this marker has affected his job prospects. We don't make punitive awards and I'm afraid here I don't consider I have a reasonable basis to hold Halifax responsible for those fees or for a quantifiable financial loss to him. I do though agree he has been caused inconvenience and distress by what has happened.

Having applied my own judgement I don't consider that the compensation recommended for this is adequate. This is the sole issue I'm now looking at and I am satisfied I have sufficient information to make a final decision about it. Having considered all the circumstances I find that the appropriate amount is £350.

My final decision

My decision is that I uphold this complaint and I require Bank of Scotland plc trading as Halifax to:

- 1) Remove the fraud marker and related entry from CIFAS and any other external fraud database as it has said it has already taken steps to do.
- 2) Pay Mr A £350 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 December 2020.

Michael Crewe
Ombudsman