

The complaint

Mr R complains that Interactive Investor Services Limited registered a fraud prevention marker against him without notification or due cause.

What happened

The facts of this case are well known to both parties so I'm only going to summarise events here:

- Mr R says Interactive Investor Services unfairly recorded a Cifas marker against him following four online account applications he made in March 2013.
- On 14 March 2013, Mr R completed an online application for an account with TD Direct Investing (Interactive Investor Services purchased TD Direct Investing in 2017). In this application, Mr R included details of his address. This application was declined. Mr R then completed another application on the same day. This time he used a different address. Mr R has told us this was the address he was residing at with his fiancé. This application was also declined. Mr R went on to complete a further two applications on the same day. In these final applications, he used the same address he used in his first application - which he has told us is the address of a property he owned. Mr R's final two applications were also declined.
- Mr R has told us he wasn't aware of the Cifas marker until a job offer he'd been made in 2019 was revoked because he'd failed the necessary background checks.
- Mr R felt that Interactive Investor Services should have spoken to him prior to the Cifas marker being loaded against him – given the significant implications a marker of this kind can have. Mr R has told us that had Interactive Investor Services spoken to him, he would have been able to explain why two different addresses had been used.
- Interactive Investor Services has now removed the Cifas marker from Mr R's record but it doesn't feel that the marker was incorrectly loaded against him in 2013.
- Mr R bought his complaint to our service because he was unhappy with Interactive Investor Services response to his complaint. He's told us he has lost out on a job opportunity and the Cifas marker had other implications too. Because of this Mr R feels Interactive Investor Services should pay him compensation.
- Our investigator asked Mr R for some further information about the details he had entered into the applications in 2013. He wanted to understand why Mr R had entered two different addresses in the first two applications before reverting back to the first address for the final two. Our investigator also enquired as to what Mr R had planned to do with his account should his application be successful. Finally, our investigator asked Mr R to tell him more about the impact the Cifas marker had on him and what he would like in terms of compensation.

- Mr R refused to provide any further details other than he had entered two different addresses because he owned one property and lived in the other. He didn't tell us what he was planning to do with the account, why he completed four applications on the same day or answer any of the other questions posed to him.
- Unable to gather any further details from Mr R, our investigator assessed the complaint based on the limited information they had. Interactive Investor Services could also only provide limited information as the Cifas marker had been added so long ago and they were no longer required to keep the detailed information that would have been required when it was first added.
- Our Investigator didn't uphold the complaint. Mr R disagreed so the complaint has been passed to me.

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.

Having done so, I won't be upholding it for largely the same reasons as those set out by our Investigator:

The marker that Interactive Investor Services applied is for fraud identified during an application process - which resulted in the requested account not being opened. For Interactive Investor Services to record this type of marker, they don't need to prove beyond reasonable doubt that Mr R is guilty of a fraud or attempted fraud. But they are expected to demonstrate that there are reasonable grounds to believe a fraud or financial crime has been committed or attempted. In this case, it is expected to demonstrate that it has clear, relevant and rigorous evidence to show that material falsehoods were included within the application, such that it could confidently report the matter to the police – though this doesn't mean they have to make such a report.

Interactive Investor Services has outlined its position as to why a Cifas marker was recorded in 2013 – and it has made these reasons known to Mr R. Interactive Investor Services has said Mr R made four applications on the same day in March 2013. Two different addresses were used in these applications and all four were declined. Interactive Investor Services said that using multiple addresses in applications can be indicator that someone is trying to hide their financial history (which could be attached to a current or previous address) so it is crucial that accurate address information is included in applications so all of the relevant checks can be carried out.

For reasons of his own, Mr R has refused to provide any details about why he chose to enter two different address in such a short space of time. He also hasn't told us what he would like Interactive Investor Services to do to put things right for him.

So, like our Investigator, I have to decide this complaint based on the information I have. I've taken into account the reasons Interactive Investor Services has given to support that it was reasonable to record a Cifas marker against Mr R, which, taken at face value, seem reasonable. And given that Mr R has given me no further information as to why four applications were completed on the same day with two different addresses used, I can't say that it's more likely than not that Mr R mistakenly entered two different addresses - rather than he intentionally tried to manipulate the information on the applications to allow for a successful application after the decline of the first.

I can also understand why this would look suspicious to Interactive Investor Services. It is unusual to complete multiple applications with different addresses in such a short timeframe – and it would have been reasonable to assume that Mr R would've known which address he was residing at when the applications were completed. And so I can see why this would've appeared as an attempt to mislead Interactive Investor Services and without any further explanation from Mr R, it wouldn't be fair for me to say Interactive Investor Services acted unfairly.

Mr R as pointed out that Interactive Investor Services should have contacted him to discuss the reason for the multiple applications and addresses before they added the Cifas marker and he would have been able to offer them a reasonable explanation. But given that Mr R has been unable to provide this service with an explanation as to what happened, I see no reason to reach the conclusion that he would've been able to provide adequate reasoning that would have prevented the Cifas marker being added at the time either.

For the reasons set out above, I'm satisfied Interactive Investor Services had reasonable grounds to apply the Cifas marker when it was applied in 2013 and I'm satisfied, on balance, it has acted fairly. I won't be directing it to do anything further here. For these reasons, I'm not upholding this complaint.

My final decision

My final decision is that I do not uphold this complaint against Interactive Investor Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 July 2021.

Emly Hanley
Ombudsman