

The complaint

A limited company, which I'll refer to as O, complains Conister Finance & Leasing Ltd unfairly declined its application for a Bounce Back Loan.

O's director, Mr A, brings the complaint on its behalf.

What happened

O applied to Conister for a Bounce Back Loan on 26 August 2020. Shortly afterwards, the application was declined. Conister said O's application didn't meet its criteria.

Mr A was unhappy. He said O was being prevented from accessing support. He also said he knew that CIFAS, a fraud prevention agency, held some adverse information about him on its database. And he thought this was the reason O's application had been declined. Mr A said the adverse information had been recorded in error, and he provided Conister with evidence to show it had been removed.

Conister revisited O's application in September but it maintained its decision not to lend. O remained unhappy so it complained about the decision.

In its final response, Conister clarified that it had considered what Mr A said and provided about the information held by CIFAS. But when the application was reviewed again, O still didn't meet the bank's criteria. Conister went on to say that, although O wanted specific reasons for the decision to decline, it couldn't provide any more information.

Mr A remained unhappy, so he referred O's complaint to our service. He said O was an eligible business, and Conister's decision to decline the Bounce Back Loan application was unfair.

An investigator here considered what had happened, but he didn't think Conister had done anything wrong. In summary, he said:

- Under the Scheme, the decision to lend ultimately rests with Conister;
- Conister had carried out the checks expected under the Scheme rules and reached a reasonable decision to decline O's application based on the information it had received; and
- Conister wasn't obliged to provide any more information than it already had.

Mr A disagreed with the investigator. He still felt it was unfair that O's application had been declined.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

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'd like to assure Mr A at the outset that I note his strength of feeling, and I'm sorry to hear about the impact this matter has had on him and O. But while I know it will disappoint him, I don't think Conister has done anything wrong. I'll explain why.

The Bounce Back Loan Scheme rules set out that the decision to lend ultimately lied with the lender – and that in reaching that decision, there were certain checks that had to be carried out before a loan was provided. In short, applications were subject to customer fraud, anti-money laundering and Know Your Customer checks. These checks are an important legal and regulatory requirement, which were necessary under the Scheme rules.

Mr A thinks it's unfair that O's application failed these checks. He thinks O was declined because of information loaded to CIFAS, in error, by another bank. And he's provided evidence to show the bank responsible acknowledged a mistake on its part. So I accept what Mr A has said about an error with that particular CIFAS entry. But the information was present at the time Conister completed its checks, and it was reasonable for the bank to rely on it at the time – and therefore to decline O's application.

I think it was fair for Conister to reconsider O's application in light of Mr A's challenge. It says that, when doing so, it took the erroneous CIFAS entry into account – and I've no reason to doubt that it did. Nonetheless, Conister's checks still found information – aside from what Mr A had already brought to its attention – which caused O's application to fail the checks again. And with that in mind, because Conister relied on the information it was presented with at the time, I don't think it acted unfairly or unreasonably in declining O's application on the second occasion either.

Mr A is frustrated that Conister won't explain in more detail why it declined O's application a second time. But as the investigator explained, Conister isn't obliged to provide any more information than it already has. I've seen the investigator recommended that O contact the agencies – like CIFAS – which hold information about it. And that's a route O can still take if it wishes.

I know Mr A will be disappointed by what I've set out. But for the reasons I've explained, I don't think Conister has done anything wrong in how it dealt with O's Bounce Back Loan application. So I don't require it to take any further action.

My final decision

My final decision is that I don't uphold O's complaint.

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

Simon Louth
Ombudsman