

The complaint

Mr M complains that Santander UK Plc made an entry about him on the CIFAS fraud prevention database in connection with a mortgage application.

What happened

Mr M and a third party had a joint mortgage with Santander. In 2015, they applied for further borrowing and Santander considered the application, but refused it.

Some years later, Mr M discovered that Santander had also made an entry about him on the CIFAS database. This is a cross-industry fraud prevention database which allows financial services providers to share relevant information, subject to safeguards.

Mr M complained as he said that he had not committed fraud in respect of the mortgage application. Santander initially refused his complaint, but Mr M complained again and also complained to CIFAS. Santander agreed to remove the entry in 2019. It said that it believed it had been reasonable to record it in 2015, but as it had not retained the evidence in support of its decision, it would remove the marker now.

Mr M complained about the impact of the marker. He said it had led to him being refused credit and access to bank accounts in both his personal and professional lives. He wanted Santander to pay substantial compensation for both his financial losses and for the upset caused.

Our investigator thought that it was fair that Santander removed the marker in light of the fact that it no longer retained the evidence of the application. But she didn't think it was unreasonable for it to have been added in the first place. So she didn't uphold the complaint – which meant that Mr M asked for it to be decided by an ombudsman.

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's unfortunate that Santander has retained its rationale for making the entry on the database in 2015 – but not the evidence it relied on at the time. This is the evidence of the application Mr M made, including the documents he provided in support. However, Mr M has provided copies of everything that he gave Santander at the time, which I've been able to cross-reference with the record of Santander's concerns, as well as later evidence of his tax records and a letter from his accountant.

Mr M has referred to the CIFAS principles for members, which are published on its website, and set out the standard of proof to be applied in making an entry. These aren't directly relevant to this case, since they were published after Santander made the entry in 2015. However, I've thought about whether it was fair and reasonable in all the circumstances to make a report at the time – which in my view requires Santander to have had an evidence based reasonable suspicion.

Santander has explained to Mr M that there was a discrepancy in his payslips, provided in support of the mortgage application. He declared that his employer was a company I'll call D, but the payslips were issued by a separate company I'll call A.

Mr M has explained that D and A were related companies, with directors in common, which shared back office functions. I've verified from Companies House records that there were directors in common, and that for a time the companies shared a registered address. Mr M has provided a statement from a former director explaining that there were shared staff and that it may simply have been an administrative error that his pay from D was on a payslip with A's name on it.

However, that wasn't Santander's only concern at the time. There are other unusual features of the payslips – including that they are incomplete in places. And the sums on the payslips don't match, in either date or amounts, some of the payments from D into Mr M's bank account around the time of the application. Some of the other dates and amounts don't match either, including the start date of Mr M's employment.

When a mortgage application is made, the lender will require evidence to support what is declared in the application. It will then consider that evidence – both on its own terms, and through independent checks it makes to verify what it is told elsewhere. Santander did that in this case. I've considered the reports of its findings from 2015, and the evidence that's now been made available. Having done so, I don't think it was unreasonable that Santander was concerned about what had been provided. It removed the marker in 2019 when it could no longer evidence why it had been put there. But having looked myself at what I've been given of what was available at the time, I don't think it acted unfairly.

My final decision

For the reasons I've given, my final decision is that I don't 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 6 October 2021.

Simon Pugh
Ombudsman