

The complaint

The complaint, in summary is that Clydesdale Bank Plc unfairly declined W's application to switch its business bank account from another provider and placed a CIFAS marker against its director.

With the liquidator's consent Mr N, the director of W, has brought the complaint on its behalf.

What happened

The background to the complaint is well known to the both parties. So, I won't repeat them in detail here.

Briefly, in January 2020 W applied to open a new business current account with Clydesdale. W's application was made as part of a scheme called Business Banking Switch (the Scheme) whereby W's existing bank - which I'll refer to as R - offered an incentive to its customers to transfer their business accounts to other providers. The amount of the incentive depended on the level of turnover of the relevant company's account with R. This ranged from 'Band 1' for turnover of less than £15,000 to 'Band 10' for turnover in excess of £750,000.

Mr N completed the application form on behalf of W. Where turnover details were requested on the form, Mr N stated W's turnover was £150,000. He based this assessment on figures for the current year which was 2019-20.

As part of the Scheme, Clydesdale asked R for details of W's turnover. R told Clydesdale that W's turnover fell within Band 1 (so turnover of less than £15,000). R had calculated W's turnover by reference to the period 31 October 2017 to 1 November 2018 as this was the turnover calculation period required under the Scheme.

In late January 2020 Clydesdale wrote to Mr N to tell him W's application had been declined and that a CIFAS marker was placed against his name. The marker was later removed in March 2020.

Mr N believed Clydesdale rejected W's application because of the difference in the turnover figures he and R gave to them. He was of the view that this problem arose because Clydesdale's account opening application form wasn't clear regarding the turnover period, they wanted figures for. Mr N also thought Clydesdale's decision to place a CIFAS marker against his name was unjustified.

Clydesdale acknowledged that their application form didn't state that the turnover period for the Scheme was 31 October 2017 to 1 November 2018. And they apologised for the confusion that was caused by their omission. But they said W's application wasn't rejected because the turnover figures Mr N gave differed from those provided by R. They said the application was rejected because it didn't meet the bank's criteria.

In relation to the CIFAS marker, Clydesdale said that it was placed against Mr N's name based on information available at the time. They said, however, that as soon as they received further information, they removed the marker and no adverse information was placed on Mr N's credit files.

Our investigator upheld W's complaint in part. In summary she concluded that:

- Although Clydesdale acknowledged their application form was unclear regarding the turnover information they needed, ultimately that had no bearing on their decision. However, this caused some avoidable inconvenience to W.
- Clydesdale added the CIFAS marker against Mr N's name following their routine internal checks. However, they did remove it on receiving further information. Mr N says that W's applications to other scheme providers were declined due to this CIFAS marker but there is no evidence to support this assertion. However, this matter also caused some avoidable inconvenience to W.

Overall, the investigator thought Clydesdale, should pay W £300 compensation for the inconvenience W suffered.

Clydesdale accepted the investigator's recommendation and paid the £300 to W. But W has come back not agreeing with the recommendation. On its behalf Mr N didn't think the amount went far enough. He reiterated that on W's behalf he tried to apply for accounts with other banks, but the applications were declined because of the CIFAS marker. He says also that although he's unaware whether anyone saw the CIFAS marker, nonetheless, the information was publicly available and may have affected his reputation.

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 agree with the conclusions reached by the investigator, essentially for the same reasons. I'll explain why, but first I start with a clarification.

Mr N has told us about the impact the CIFAS marker had on him personally, and that he was unable to open a personal savings account elsewhere as a result. I understand Mr N has made a complaint about this which was being considered separately. So, under this complaint I am only considering W's complaint about Clydesdale and the impact of Clydesdale's actions on it.

In relation to the CIFAS marker therefore, what that means is I am only considering whether Clydesdale's decision to place the marker against Mr N's name impacted W.

The decline of W's application

As the investigator noted, Clydesdale have acknowledged that their application form wasn't clear enough regarding the relevant period for which W's turnover needed to be calculated. It is Mr N's belief that this resulted in the discrepancy between the two figures and that caused Clydesdale to reject W's application. In fact, W's complaint to Clydesdale was on that basis.

However, Clydesdale has clarified that it wasn't the case that the application was rejected due the discrepancy between the figures Mr N and R provided. As the investigator noted, the reason Clydesdale rejected the application was because it didn't meet the bank's criteria. In other words, W's application wasn't declined for the reasons Mr N believed it was.

In the circumstances therefore, I'm unable to conclude the lack of clarity on the application form which meant Mr N didn't provide correct turnover information to Clydesdale was ultimately the cause of W's financial loss. In other words, I've not been persuaded the unsuccessful transfer of W's account from R to Clydesdale flowed from Clydesdale's error. And it follows I'm not persuaded the loss of the incentive payment resulted from it.

The CIFAS marker

The CIFAS marker was registered against Mr N's name because Clydesdale's internal checks raised some concerns. And the marker remained in place for two months between January and March 2020 when it was removed after Clydesdale received further information.

I can understand why this would have been upsetting for Mr N personally and I'm aware he thinks the placing of the marker was defamatory and could well have impacted his personal reputation. But as noted above, this was being considered separately.

As regards the impact that had on W, Mr N has told us the applications made on behalf of W to approximately five other providers under the Scheme were declined because of the CIFAS marker. The investigator did ask Mr N for evidence demonstrating that was the case, but Mr N has not provided any.

So, I am unable conclude Clydesdale's action caused W to suffer a financial loss in the form of the incentive.

Putting things right

In summary I agree that this matter caused some inconvenience to W not least the time Mr N had to spend establishing on W's behalf the reason for the rejection of its application for an account with Clydesdale. Having considered this, I agree with the investigator a payment of £300 in this regard is fair and reasonable in all the circumstances of the complaint

My final decision

My final decision is that Clydesdale Bank Plc should pay £300 in full and final settlement of the complaint. As I understand it, they have already made the payment. Therefore, they need take no further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 14 December 2021.

Asher Gordon
Ombudsman