

## **The complaint**

Mr A complains that Skipton Building Society (“Skipton”) made an entry about him on the CIFAS fraud prevention database in connection with a mortgage application.

## **What happened**

Mr A applied for a mortgage with Skipton in January 2019. Skipton refused the application and left a fraud marker on the CIFAS database, although it didn’t tell Mr A that at the time. The CIFAS database is a cross-industry fraud prevention database which allows financial services providers to share relevant information, subject to safeguards.

Later Mr A found out about the marker following a credit application. He made a subject access request to CIFAS, which showed that Skipton had reported application fraud, saying that Mr A had provided false information about his employment status in support of his mortgage application. Mr A complained to Skipton saying that at the time of the application he did work where he said he did and had provided wage slips to prove it. He said Skipton should have done more to investigate what had happened before leaving the fraud marker on the CIFAS database.

Initially Skipton said it wouldn’t remove the marker, so Mr A brought his complaint to our service. After that Skipton considered the matter again and changed its mind. Mr A says that in May 2021 CIFAS wrote to him to say that it was going to remove the marker with immediate effect.

Mr A remained unhappy. He said that while he welcomed the removal of the fraud marker, Skipton should’ve listened to him before he had to go to the trouble of approaching CIFAS and the Financial Ombudsman. He complained that Skipton hadn’t apologised to him or offered to compensate him for the impact of the fraud marker on him.

Our investigator looked into what happened. She said that after Mr A brought his complaint to the Financial Ombudsman, Skipton agreed to uphold the complaint. It removed the fraud marker, agreed to send Mr A a written apology, and offered to pay him £500 compensation. Our investigator thought that was a fair and reasonable way for Skipton to resolve this complaint. She appreciated that Mr A wanted more compensation, but she thought the £500 offered was reasonable for the trouble and upset Skipton caused. She said our awards aren’t intended to punish businesses for their mistakes, and that the £500 is in line with what the Financial Ombudsman would award for mistakes that have had a substantial impact on consumers.

In coming to her view our investigator said she’d considered what Mr A had told us about being declined finance and bank accounts from different lenders. Mr A had provided her with a letter from a bank that said it was closing his account due to further checks. The letter suggested Mr A checked his CIFAS record. Our investigator said that while the letter didn’t explicitly state that his account was closed as a result of the CIFAS marker, she thought it was reasonable to conclude it was.

However, this was the only letter Mr A was able to provide to support what he’d told us about

being declined finance. Our investigator had asked Mr A to send us a copy of his credit report so that she could see whether applications for credit were declined. But Mr A didn't provide this. Our investigator said she'd considered all the evidence she'd been provided with.

Our investigator said it wasn't possible for us to consider any occasions when Mr A's business was declined credit in this complaint. That's because Mr A's business was run through a limited company and the CIFAS marker was in Mr A's name - not the limited company.

Mr A remained unhappy and asked for an ombudsman to review his complaint.

### **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've come to the same conclusion as our investigator. I'll explain why.

Fraud prevention databases play an important role in the financial services landscape, allowing sharing of information and assisting in the prevention of fraud. However, the consequences for an individual of being added to a database can be severe, so it's important that a marker is only entered where it can be justified.

The standard of proof for putting a marker on the CIFAS database is that there must be clear, relevant and rigorous evidence of fraud, such that Skipton could confidently report the matter to the police or other authorities (whether or not it has actually done so).

The standard required is therefore one of reasonable suspicion, not proof. But there must be evidence of fraud. There are various fraud offences, but a common feature is acting dishonestly for financial gain.

In May 2021 Skipton accepted that it shouldn't have put the marker on the CIFAS database, and I understand the marker has now been removed. So the only remaining matter for me to decide is what it should do to put things right.

Skipton has offered to send Mr A a letter of apology and pay him £500 compensation. Mr A doesn't think this is enough. He has told us that he had to make complaints to his broker, Skipton, CIFAS, and the Financial Ombudsman Service to get this matter resolved. That involved his having to spend time on numerous phone calls and write letters. Mr A has also told us about the impact this matter had on his mental wellbeing, and the difficulties he experienced obtaining credit.

### **Putting things right**

Mr A has told us he was put to significant inconvenience between March and May 2021 – the period in which the marker was on the CIFAS database. However, I think that the £500 offered fairly reflects that inconvenience and the impact on Mr A given the amount of time the marker was on the database. I also think it covers Mr A for the impact he says this matter has had on his health and wellbeing. As our investigator said, our awards aren't intended to punish businesses for their mistakes, and I can see that Skipton acted quickly to remove the marker once it reviewed the matter again in May 2021. £500 is line with awards this service makes in cases where there has been a substantial impact on a consumer.

Like our investigator, I'm conscious that Mr A has only provided us with written evidence to

suggest that one application for credit was likely to have been declined as a result of the CIFAS marker. Mr A has told us that although other applications were refused, he no longer has correspondence to support what he has told us. I appreciate what he has told us. However, as Mr A has only been able to demonstrate that one application for credit was declined, I think can only fairly require Skipton to compensate Mr A for the distress and inconvenience this matter caused him.

I appreciate that Mr A is unlikely to be happy with my decision, but for the reasons set out above, I think the offer Skipton has made is fair and reasonable.

### **My final decision**

For the reasons set out above, my final decision is that that I uphold this complaint and direct Skipton Building Society to apologise to Mr A in writing and pay him £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 March 2022.

Laura Forster  
**Ombudsman**