

The complaint

Mr and Mrs J complain that Santander UK Plc made an entry about them on the CIFAS fraud protection database in connection with a mortgage application.

What happened

In 2018, Mr and Mrs J applied for a mortgage with Santander. It accepted their application and offered them a mortgage but at the same time entered a marker on the CIFAS database, though it didn't tell Mr and Mrs J at the time. This is a cross-industry fraud prevention database which allows financial services providers to share relevant information, subject to safeguards.

Mr and Mrs J have since applied for buy-to-let (BTL) mortgages with other lenders but some of these were declined. They later found out about the 2018 CIFAS marker that Santander had recorded.

Mrs J complained to Santander. It explained that it could not verify some of the information declared in the 2018 application and so registered a marker in their names. Mr and Mrs J provided further evidence. Santander reviewed this and agreed to remove the markers. It also offered £750 for the trouble and upset caused.

Mr J raised a separate complaint as Santander said it wouldn't consider them together. It said the offer of £750 to Mrs J was fair and reasonable considering the impact on both Mr and Mrs J.

Mr and Mrs J remained unhappy with this and estimated that their losses were close to £40,000. They referred the matter to this service. Our investigator considered the complaint and the financial loss that they say they incurred as a result of the markers. Ultimately, the investigator thought that Santander's offer of £750 was fair.

Mr and Mrs J didn't agree. They said that the £750 offered didn't go far enough to compensate them for the financial impact that the presence of the markers has had on them. They asked for an ombudsman to consider the matter.

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've considered the reason that Santander provided for initially recording the marker. Having done so, I agree with our investigator that the loading of the marker was not fair. I don't think Santander did enough to check why the information was not verified before entering the marker and I'm mindful that, despite its concerns, it still provided Mr and Mrs J with a mortgage.

But as the CIFAS marker has now been removed, what remains for me to decide is whether Mr and Mrs J have suffered a direct financial loss as a result of the presence of the marker and whether the level of compensation offered by Santander for the trouble and upset caused by this matter is fair.

Mr and Mrs J say that the presence of the CIFAS marker has caused them a financial loss as their mortgage applications have been declined by lenders at a time where they were trying to build their property portfolio. They also say they were unable to re-mortgage elsewhere.

I've reviewed the information they have provided carefully. Mrs J says that, as they were declined for a mortgage, the purchase of one rental property dragged on. She attributes this delay to the presence of the marker and Santander's error and claims that they should be refunded the loss of rental income as a result.

I can appreciate her frustrations, but I've kept in mind that a house purchase can be complicated and there can be various reasons for it to take longer. And whilst this purchase was delayed, she has said that another mortgage application, and subsequent purchase went through smoothly. So this would suggest to me that the reason for the declined mortgage was not *solely* as a result of the CIFAS marker – although I do accept that its likely this was a factor.

I've also borne in mind that the databases are clear with their members that they can't automatically reject an application just because of a marker against an applicant's name. Lenders must make their own enquiries to determine whether to lend or not rather than 'blacklisting' borrowers and automatically rejecting applications. And in doing so, some lenders may have been willing to provide a mortgage but others not. If Mr and Mrs J are unhappy with the decisions made by some lenders, then this is something they can raise directly with them.

Further, I've considered Mrs J's comments about her concerns in applying for car finance. She says that historically she bought cars on finance but as she had been turned down for a mortgage, she was worried a finance application would not be accepted and so used her savings to buy a car. She says these saving should have otherwise been used to fund a house purchase, which in turn would have provided a good return.

I can understand the point that she makes but a car finance application was never made – and so it has not been tested as to whether this would have been declined as a direct result of the marker. And so I don't consider this is a direct financial loss incurred as a result.

Mrs J also says that she was not offered any 0% interest rate deals. This could be for a variety of reasons other than the presence of a marker - such as lenders risk appetite and the wider financial circumstances at the time. I'm afraid I consider this too speculative a loss to attribute to the presence marker.

Considering everything, whilst I accept that this has been a difficult and frustrating time, I don't think that I can fairly conclude that Santander is *directly* responsible for Mr and Mrs J being declined for mortgages or other credit.

However, I do think that the discovery of the marker has caused Mr and Mrs J a great deal of trouble, worry and upset and I consider that Santander could have handled things better – for example it caused unnecessary bother to Mr and Mrs J by dealing with their complaints separately.

I've thought about whether the offer from Santander of £750 is fair. In doing so, I've kept in mind the level of awards that this service makes, which are available on our website. It may be helpful to outline that this is towards the higher end of our compensation awards - where a consumer may have been caused considerable distress or worry.

I've considered this carefully, in line with the impact that Mr and Mrs J say this had. Having done so, I think this is fair and appropriate compensation in recognition of the distress and inconvenience caused to Mr and Mrs J.

In summary, I think that the offer made by Santander of £750 is fair in all the circumstances. I leave it to Mr and Mrs J to contact Santander to accept this - if they wish.

My final decision

For the reasons I've given, I think that the offer that Santander UK Plc has made of £750 is fair in all the circumstances and so I won't be asking it to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 11 March 2022.

Camilla Finnigan
Ombudsman