

## **The complaint**

Miss K complains that HSBC UK Bank plc declined her mortgage application and recorded an entry about her on a fraud prevention database.

## **What happened**

In mid-2018, Miss K says she asked a broker, who I'll call "M", to arrange a re-mortgage for her. She paid M £2,500, and sent him various documents, including payslips and bank statements.

Around a year later, in June 2019, HSBC received an application for a mortgage in Miss K's name. It asked for documents, such as payslips and bank statements, but declined the application.

Miss K was unhappy about HSBC's decision, and asked it to remove the checks it had done from her credit file. She later found out that HSBC had recorded a marker against her name with CIFAS, a fraud prevention database.

In response to Miss K's complaint, HSBC said her application hadn't met its lending criteria and it had recorded credit checks for her mortgage application as it usually would and as Miss K had agreed to. It thought it had done nothing wrong.

Miss K asked us to look into the matter. She said M had told her he was an authorised mortgage broker, but she had since found out that wasn't the case. She said he had submitted the mortgage application to HSBC using fraudulent documents which she had known nothing about. She wanted HSBC to remove the fraud marker and any records of the mortgage application from her credit file.

Our investigator thought HSBC had acted reasonably in recording the fraud marker, so she didn't recommend it be removed. Miss K didn't accept that. Her solicitor responded on her behalf with a bundle of papers, and said they thought HSBC hadn't properly investigated the matter before recording the marker, or told Miss K what it was doing.

## **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.

There's no dispute that documents provided to HSBC to support Miss K's application were forged. Miss K's representative has provided copies of her genuine current account statements and payslips, and HSBC has provided the fraudulent ones it received.

The fraudulent documents were produced in order to prove Miss K received an income of £77,281 gross per year as stated on her mortgage application. I understand Miss K's actual gross annual income was less than half that amount.

Miss K says she didn't know anything about the false information that had been given to HSBC until afterwards. She had trusted M, who had been recommended to her by a family member. She has provided copies of some of her e-mails and messages with M.

HSBC says Miss K's mortgage application was made direct by Miss K; it wasn't made by a broker. It says it sent all correspondence to Miss K directly.

I'm satisfied that HSBC's records reflect that the application didn't involve a broker or other third party. Those records show the application was made using Miss K's postal address and e-mail address. I find nothing to show that HSBC communicated with a third party. Its records also say that it spoke to Miss K directly about her application a number of times, including when it wanted more information – but there's no indication of Miss K's having referred it to M during those discussions. Miss K's own evidence reflects a conversation with HSBC as well: she has provided a copy of a message she sent to M dated the same day as HSBC's call to her for more information.

HSBC correctly identified documents as fraudulent after making its own enquiries. It didn't need to do any more than that or tell Miss K about its concerns. It was also entitled to turn down her mortgage application without going into detail about why.

In all the circumstances, I think HSBC had reasonable grounds to record a marker about Miss K with CIFAS. And on the evidence I've seen, I don't find its decision not to remove the entry was unreasonable, so I don't require it to do so now. I also haven't seen anything to indicate HSBC put information on Miss K's credit file in connection with this mortgage application which it shouldn't have done.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 4 January 2022.

Janet Millington  
**Ombudsman**