

## **The complaint**

Mr S complains that Tesco Personal Finance PLC, trading as Tesco Bank, recorded a marker against his name on a fraud prevention database.

## **What happened**

Mr S and his wife applied to Tesco for a mortgage in early 2019. Tesco approved their application and made a mortgage offer – but just before completion it withdrew the offer, and told Mr S it had been unable to confirm his income and employment details. It also recorded a marker for application fraud against Mr S's name with Cifas, a fraud prevention database.

Mr S complained to Tesco about the marker in 2020. Tesco said it wouldn't remove the marker.

Our Investigator didn't think Tesco had applied the fraud marker unfairly, and he didn't recommend that the marker be removed now. He found that Tesco had, amongst other things, asked whether Mr S was employed, or whether he was employed and owned more than 30% of the shares in the company he worked for. Mr S owned 100% of the company which owned the holding company which employed him, and the Investigator concluded that Mr S's statement of himself simply as employed – rather than employed but also a shareholder – on the mortgage application wasn't accurate.

Mr S didn't accept that conclusion. He maintained that he had answered the questions he was asked correctly – he didn't own the company which employed him, or any shares in it, and he was paid via PAYE.

## **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.

Mr S is confident that he answered the questions on the mortgage application in 2019 correctly, on the basis that he was employed by a company he didn't own. He says he used to own the company, but he sold it shortly before he made the mortgage application, and Companies House hadn't updated its records straight away. He says the new owner and director then asked him to run the company full time. He sent Tesco a copy of his contract of employment, with a start date of 1 March 2019 and an annual salary of £80,000.

It's not in dispute that Mr S still owned 100% of the shares in the holding company which owned the limited company he was employed by. But Mr S says he wasn't asked about that – he says he was also employed on a full-time basis, so that's what he put on his mortgage application. I note, however, that there was an option on the online application to add more than one job or income source. And, as the Investigator pointed out, as owner of the holding company, Mr S was the overall controlling party.

In any event, Tesco's records satisfy me that Mr S's answer to this particular question wasn't Tesco's only concern when it reviewed his application. It says it had other reasons to think

Mr S tried to mislead it in order to obtain a mortgage. It also had concerns about payments made to and from Mr S's employer on his bank statements, and anomalies on the payslip he provided.

Cifas members should only record markers on the Cifas database where they have clear and rigorous evidence of fraud, such that they could confidently report the matter to the police. They aren't required to make such a report, but that's the necessary standard of evidence – and is the standard I've kept in mind in considering whether Tesco acted fairly here.

In all the circumstances, I think Tesco had reasonable grounds to record the marker it did about Mr S on the fraud prevention database, and I don't require it to remove the marker now.

### **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 Mr S to accept or reject my decision before 9 August 2022.

Janet Millington  
**Ombudsman**