

## **The complaint**

Mr A complains that Santander UK Plc made an entry about him on fraud protection databases in connection with a mortgage application he made.

## **What happened**

Mr A applied, jointly with his father, to Santander for a mortgage. Santander declined the application. Some time later Mr A was offered employment, but it came to light at the post interview checks stage that Santander had also placed a marker on CIFAS about him. The job offer was withdrawn and Mr A complained to Santander.

Mr A also applied for a subject access request to CIFAS. CIFAS told him that Santander had placed the marker on the file for “unvalidated income” declared on the mortgage application. The record set out the employer he had declared on the application. Mr A also discovered that Santander had also made an entry on another database, National Hunter – referring to employment details.

Mr A said that he had applied for the mortgage via a broker. He’d since obtained a copy of the application the broker had submitted, and he said the broker had mistakenly combined his and his father’s income together and reported it as Mr A’s income. He said this might explain why Santander wasn’t able to verify his income.

Santander said that it had fairly applied the marker. It had concerns about the income that Mr A had declared on the application and it hadn’t been able to verify what it had been told.

Our investigator didn’t think that Santander had acted fairly, and asked it to remove the markers. Mr A was happy with that outcome. But Santander didn’t agree, so the complaint comes to me for a final decision to be made.

## **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.

The fraud protection databases used by the financial services industry are an important safeguard against fraud, and where a company reasonably suspects fraud it’s not unreasonable for it to share information with other firms to help prevent future fraud.

But there are significant consequences for individuals if markers are wrongly recorded against them. So the databases have a standard of proof that is required before a marker can be made. For example, CIFAS requires that its members only make a record where there’s clear relevant and rigorous evidence of fraud such that a report could confidently be made to the police or other authorities (whether or not a report has actually been made). In other words, what is required is sufficient evidence to show a reasonable suspicion of fraud. And the other databases have a similar approach.

I’ve borne that in mind when thinking about whether Santander acted fairly in this case. And

I've considered the evidence Santander has given us in light of that.

It seems that this application was flagged within Santander for further consideration. This led Santander to consider whether it was appropriate to treat this as a fraudulent application and to put markers on the databases.

Santander has explained that it tried to verify Mr A's income as declared on the application. Mr A thought it might have got confused with his father's income, but that's not in fact the case; the application correctly records what Mr A says it should have recorded.

Whenever a lender considers a mortgage application, it doesn't simply accept what it's told at face value; it asks the applicant for supporting evidence, and it carries out its own checks to verify what it's been told.

In this case, it seems that Santander was concerned that the employer Mr A declared didn't seem to have a significant online presence; that the income he had declared did not appear to be going into his Santander current account; and that when Santander tried to verify the income he had declared independently it was unable to do so.

CIFAS has given guidance to its members that a failure to verify income is not, of itself, sufficient to justify a marker – rather, it should be a prompt to carry out further investigation to determine whether there's a good reason for the failure to verify, or evidence that the income declared was false.

A failure to verify may have a number of causes – some innocent, some fraudulent. It is not, of itself, sufficient evidence.

While the employer Mr A declared may not have a significant online presence, it is registered on Companies House and according to its filings it is actively trading and has around 20 employees. Not all companies – particularly small local companies in the commercial services sector – choose to have an active online presence.

Mr A has provided current account statements from another bank which do show his salary being paid in each month. Our investigator gave Santander copies of those statements to review but Santander merely reiterated that it hadn't been able to verify Mr A's income.

Taking all that into account, I'm not satisfied that Santander has provided enough evidence for me to conclude that it was fair to say the standard was met. Mr A's income was unable to be verified, but the company exists and his bank statements from another bank show the salary being received. No further investigation of those matters appears to have been carried out to see whether there is an innocent explanation of the failure to verify or not.

### **Putting things right**

It follows that I uphold this complaint. Our investigator agreed, and said that Santander should remove the markers. Mr A was happy with that outcome, and I'm satisfied it's fair in all the circumstances.

### **My final decision**

For the reasons I've given, my final decision is that I uphold this complaint and direct Santander UK Plc to remove all entries it has made about Mr A on external fraud databases in connection with this mortgage application.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 22 April 2022.

Simon Pugh  
**Ombudsman**