

The complaint

Ms J complains that National Westminster Bank Plc changed the contact details on her buy to let mortgage in response to a request from a fraudster, which led to a series of debts being taken out in her name without her knowledge.

What happened

Ms J has a buy to let mortgage with NatWest. She checked her credit file and found that NatWest had carried out a credit search using her name and personal details, but an address that she did not recognise.

Ms J then spoke to NatWest, and learned that the correspondence address on her mortgage had been changed to the other address in 2019. NatWest said it had received a letter instructing it to make the change. Since then it had sent an annual mortgage statement and a letter about coronavirus payment deferrals to that address. As the letter had been returned undelivered, it had not sent anything further there.

Ms J has since discovered that a series of loans and debts have been taken out in her name at the other address. Overall, around £22,000 of lending has been taken out and shows on her credit file in her name but with the fake address. She has reported this to the police and the credit reference agencies, as well as the other lenders.

Ms J complained to NatWest. She said it should never have accepted the change of address letter. She said that there were errors and warning signs on the letter – for example, it referred to a residential not a buy to let mortgage; the letter asked for all three points of contact (address, email and phone) to be changed at once; and, importantly, the signature did not match hers.

Ms J said that NatWest should have identified these problems and never actioned the request. Had it done so, the address on her mortgage account wouldn't have been changed, the fraudster wouldn't have been sent a mortgage statement as proof of identity, and wouldn't have been able to take out the other credit. Ms J also complained that one of the credit reference agencies had told her that NatWest had refused a request to dissociate her from the fake address.

NatWest said it changed Ms J's details following the 2019 letter. It said the letter included sufficient details about her and her account to allow it to make the changes requested. It said it had therefore followed the correct process and had no reason not to make the changes. But it had now changed her details back to the correct ones. And it offered to pay for one year's subscription to a credit reference agency, and one year's protective registration on the CIFAS fraud database. It has also noted on its internal records for her account that strict security checks are to be made in future, including contacting Ms J to confirm that any changes are ones she has requested before implementing them.

Our investigator noted that the signature on the letter did not match the records of Ms J's signature held with NatWest. NatWest accepted this, and accepted that on reflection it should not have acted on the letter to change the details on Ms J's account.

Our investigator said that NatWest should offer Ms J compensation of £1,000 as well as its offer to cover the costs of subscribing to credit reference and fraud prevention agencies. But Ms J didn't think that went far enough. She said it had taken NatWest almost a year to remove the association with the fake address from her credit file. She also said that NatWest should change the mortgage account number so that the information the fraudster has no longer relates to her mortgage account. And she said the fraud had had a wide and significant impact on her.

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.

First of all, I'm very sorry to hear about everything Ms J has been through. I'm sure this has been an upsetting, difficult and time-consuming experience for her – combined with the worry about the impact on her finances.

I'm pleased to see that NatWest now accepts it should never have acted on the fraudster's letter in 2019 – not least because the signature is clearly not Ms J's. That was an error, and it should not have changed the details on Ms J's mortgage or written to the wrong address. That means that in this decision my primary focus is on what NatWest has done, and still needs to do, to put matters right.

NatWest has now removed the association it recorded with the fake address from Ms J's credit file. But it took far too long to do that – which compounded Ms J's upset and frustration.

However, NatWest can't remove any of the other entries from her credit file. Only the relevant lenders which made those entries can do that. NatWest is only responsible for the entries it made.

Putting things right

Overall, I do think significant compensation is due here. NatWest's initial dismissive response, and the delays in correcting Ms J's credit file, only made things worse for her. It ought to have taken her concerns more seriously as soon as Ms J first got in touch – it was only when our investigator pointed out the disparity in the signatures that it conceded it ought to have done more.

And it does seem that the 2019 letter was the first stage in the wider fraud – with the resulting correspondence from NatWest, to the fake address, providing further evidence used to deceive other lenders.

So it's possible that had NatWest not accepted that letter, the later frauds might not have succeeded. However, it's also important to note that NatWest isn't responsible for the fraud – the fraudster is. And while NatWest's error in accepting the change of address to some extent made things easier for the fraudster, the fraudster already had Ms J's name, date of birth, driving licence number and the details of her mortgage (the lender, property address and balance at least) before contacting NatWest. So I can't say for sure that if NatWest had refused the change, the fraudster wouldn't have found some other way to proceed.

I can't hold NatWest responsible for everything Ms J has experienced, therefore. But I am satisfied that its actions in allowing the change of address did help facilitate the fraud, with all the consequences for Ms J that followed – and its response to her attempts to put things right made things worse.

I've considered what Ms J has said about the level of compensation. But bearing in mind what I've said, and bearing in mind the sorts of awards the Financial Ombudsman Service has made in other cases and our guidance on compensation¹, I'm satisfied £1,000 is fair compensation in all the circumstances.

I also agree that NatWest should pay for a year's subscription to a credit reference agency, so Ms J can monitor her record to make sure there are no more problems.

And it should pay for a year's registration at the CIFAS database. I'd like to reassure Ms J that this does not mean that she is being treated as being involved in fraud. Protective registration means that she's been noted as a past victim of identity theft, and therefore that lenders should take special care with security requirements to make sure applications really do come from her. But it has no impact on the outcome of any applications she might want to make once the extra security requirements have been passed. It's a standard tool used in the financial services industry to offer more protection to victims of fraud and identity theft.

Ms J has also asked that NatWest change the account number on her mortgage. She believes this will stop the fraudster trying the same thing again in the future. And I can understand why she wants this reassurance. But this isn't straightforward to do – NatWest's systems don't allow an account number to be changed on a live account. NatWest could possibly close down this mortgage and create another, though that's not straightforward either.

NatWest has explained that it's put extra security measures in place on Ms J's account. These include requiring extra security questions to be asked whenever there's telephone contact about the account, and requiring contact to be made with Ms J before any requests to make changes via letter or email are actioned.

While I know this doesn't go as far as she wanted, I think this is fair and I hope it reassures Ms J that NatWest has now taken what happened seriously and has taken reasonable steps to make sure it can't happen again.

My final decision

For the reasons I've given, my final decision is that I uphold this complaint and direct National Westminster Bank Plc to:

- Pay Ms J £1,000 compensation;
- Provided Ms J produces invoices or other evidence of the expenditure, refund the costs of subscriptions to each of the three main credit reference agencies, and the costs of a protective CIFAS registration, for one year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 12 December 2022.

Simon Pugh
Ombudsman

¹ <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>