

Complaint

Mr M is unhappy with Sainsbury's Bank Plc's decision to close his credit card account without notice and to load a fraud marker against his name.

Background

This case turns on three different properties to which Mr M has a connection. I'll refer to these as Addresses A, B and C.

Mr M applied for a credit card with Sainsbury's Bank. On his application, he said that he was living at Address A. Around one month after taking out the credit card, he changed his details online and said that he was now residing at Address B.

The quick change of address prompted Sainsbury's Bank to carry out more detailed checks. It was concerned to learn that Mr M wasn't registered to vote at Address A and that he had an outstanding mortgage in connection with Address C. He hadn't mentioned that address at all as part of his application. Mr M explained that he had been living with family at Address A. Significant renovation work meant that he couldn't live at Address C at the time. Address B was rental accommodation that Mr M moved into shortly after taking out the card.

Sainsbury's Bank was concerned by the irregularities with the information Mr M had submitted. It chose to close his account without giving notice and loaded a Cifas marker against his name. Mr M was unhappy with this and so he complained. Sainsbury's Bank was satisfied it had made the correct decision. Mr M was unhappy with that and so he referred his complaint to this service.

It was looked at by an Adjudicator who upheld it. The Adjudicator said that Sainsbury's Bank couldn't justify loading a Cifas marker. He also said that, while it was free to close Mr M's account with notice, its decision to do so *without* notice was motivated by its decision to load a Cifas marker. For that reason, he thought it had acted unfairly. He recommended Sainsbury's Bank pay Mr M £300 in recognition of the distress and inconvenience this had caused him.

Sainsbury's Bank disagreed with the Adjudicator's opinion. It said that:

- Mr M must have known that there were records connecting him to Address C, such as the mortgage. He should therefore have used this address when making an application for a credit card.
- Mr M was likely concealing the fact that he had a mortgage on Address C because he thought that, if he did so, his application for a credit card would be looked upon more favourably.

Because Sainsbury's Bank disagreed with the Adjudicator's opinion, the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The question I must consider here is whether Sainsbury's Bank acted fairly and reasonably in loading a marker with Cifas. It's a member of Cifas which means it's agreed to abide by the National Fraud Database Principles. Those principles set a high standard that a firm must meet if it wants to load adverse information against a customer's name.

It says that in order to do so:

"There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted ... [and] ... The evidence must be clear, relevant and rigorous such that the member could confidently report the conduct of the subject to the police."

The onus is on Sainsbury's Bank to demonstrate that this standard has been met. I've considered the evidence provided by both sides carefully and I'm not persuaded that it has done so here.

I accept that it was concerned to discover apparent discrepancies between the information Mr M provided on his application and the information it found when conducting its own searches. However, Mr M has provided a logical and coherent explanation as to how these discrepancies arose.

While Sainsbury's Bank doesn't have to prove beyond all reasonable doubt that Mr M committed fraud by submitting his credit card application the way he did, the Cifas standards require that it has more than mere suspicion. In the circumstances of this case, it hasn't met the threshold required to load a fraud marker.

I've also considered its decision to close Mr M's account. I've reviewed the terms and conditions of the account. Having done so, I agree with the conclusions of the Adjudicator that the prescribed circumstances in which it's free to close a customer account without notice aren't applicable in Mr M's case.

It follows that it acted unfairly when it closed his account without giving notice. He's told us he suffered some distress and inconvenience as a result of its decision to do so. The Adjudicator recommended that Sainsbury's Bank pay him £300 in recognition of that and I'm satisfied that's a fair sum.

Final decision

For the reasons I've set out above, I uphold this complaint. If Mr M accepts my decision, Sainsbury's Bank Plc needs to:

- Remove the Cifas marker without delay; and
- Pay Mr M £300 in recognition of the distress and inconvenience it caused by closing his account without notice.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 February 2023.

James Kimmitt
Ombudsman