

The complaint

Ms F is unhappy that Bank of Ireland (UK) Plc declined her mortgage application then recorded a marker against her on a fraud prevention database.

What happened

Ms F made a joint mortgage application to Bank of Ireland on 5 April 2017 to purchase a property. Bank of Ireland declined the mortgage application then put a marker against Ms F on a fraud prevention database.

Ms F said she has been declined for a credit card application as well as a loan to purchase a car and this has had an impact on her. She said she found out in June 2022 that Bank of Ireland applied a fraud marker against her and believes this is the reason why she was unable to obtain credit from other lenders.

Ms F has said she has lost out financially and is looking for £5,000 compensation to recognise the impact it has had on her.

Ms F complained to Bank of Ireland in July 2022 and Bank of Ireland explained to Ms F that there were discrepancies in the mortgage application, so they applied the marker in July 2017. Bank of Ireland said they applied the marker correctly at the time, but after considering information again and in view of the time that had passed, they agreed to remove the marker and asked Ms F to sign an acceptance form to agree she was happy with the resolution. Ms F has refused to sign the acceptance form as she isn't happy with the outcome saying it has had an impact on her for over five years. So she brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators.

Our investigator thought that Bank of Ireland should remove the fraud marker and pay Ms F £200 for the trouble and upset she was caused. She thought that Bank of Ireland didn't do enough before applying the fraud marker and that they could have made further enquires before doing so.

Ms F didn't agree with our investigator. She said in summary that she thinks £5,000 compensation is fair and reasonable. She said that she had three applications for credit declined which was a result of the fraud marker.

She said this has impacted her in a financial, emotional and reputational way and this false claim has impacted her for the last five years.

Bank of Ireland also disagreed with the investigator and said they applied marker correctly at the time and they don't believe compensation is appropriate.

As both parties disagreed with our investigator, the complaint has been passed to me to decide.

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.

Bank of Ireland declined Ms F's mortgage application which was submitted by a broker, and recorded a fraud marker about her with CIFAS, for a false application. Bank of Ireland were concerned that Ms F had undisclosed addresses which was different to what she had put on the mortgage application form.

Lenders should only record information on fraud databases where they have reasonable grounds to do so. I've looked at what Bank of Ireland have done in Ms F's case, to decide if they acted fairly.

Bank of Ireland reviewed the mortgage application that Ms F made with her partner in 2017. For completeness, the fraud marker was only applied against Ms F's name. Bank of Ireland said that the address that Ms F disclosed, didn't match the address that they found on record for her. They also said that the address showing on Ms F's bank statements, also didn't match the address she said she was living at.

Ms F said she contacted Bank of Ireland about this in July 2022 and Bank of Ireland have now agreed to remove the fraud marker against Ms F. But I don't think that Bank of Ireland had enough reasonable grounds to apply the fraud marker against Ms F at the time.

Having looked at the mortgage application form, bank statements and Ms F's credit report, there are questions that Bank of Ireland could have asked at the time in order to understand the difference in addresses rather than just applying the fraud marker.

Having a look at everything I can see the address showing on Ms F's bank statement was that of her partners. The address matched what he declared on the application form and Ms F explained where she was living at the time. She had moved from her address – which was the one that was showing on the application form – only shortly before. I don't know why she put that address on the application form, but I don't think this was an attempt to commit fraud. I think Bank of Ireland could have asked more questions surrounding this to understand why the wrong address was put down as it wasn't an unknown address, and she did say she moved in with her partner at his address.

Bank of Ireland have to keep in mind the principles and requirements of the fraud prevention database before recording information on them. CIFAS for example, says its members should only record a fraud marker about an individual where there's clear, relevant and rigorous evidence of fraud, such that they could confidently report the matter to the police. It doesn't require such a report to be made, but that's the standard of proof it requires.

This is the standard I've kept in mind in considering whether Bank of Ireland acted fairly here. Having looked at the evidence, I am not persuaded that the threshold had been met to make a report to the database and further questions should have been asked of Ms F.

Ms F said she wasn't able to obtain credit from other lenders because of the fraud marker against her name. While lenders who use CIFAS can use the information on the database there are various reasons why applications could be declined. This marker was applied in July 2017 so over five years ago and the CIFAS database isn't the only thing that lenders take into consideration. I therefore can't hold Bank of Ireland responsible for this.

I understand that the marker caused Ms F a considerable amount of stress and upset as she said this impacted her a great deal. But I think that the amount of £200 that our investigator thought Bank of Ireland should offer Ms F is fair and reasonable in the circumstances of this complaint.

While I acknowledge that Ms F would like Bank of Ireland to pay her £5,000 in compensation, I don't agree this is reasonable. While I accept that Bank of Ireland could have done things better, I think the amount that £200 is fair and reasonable in this situation. So, the award of £200 is for the impact of the marker being applied wrongly.

My final decision

For the reasons given above, I uphold this complaint and direct Bank of Ireland (UK) Plc to pay Ms F £200 for the trouble and upset she has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 6 July 2023.

Maria Drury
Ombudsman